**Document of**
**The World Bank**

Report No: ICR00003393

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-H8680 TF-15662)

ON A

GRANT

IN THE AMOUNT OF SDR13.3 MILLION
(US$20 MILLION EQUIVALENT)

TO

THE REPUBLIC OF HAITI

FOR AN

ECONOMIC RECONSTRUCTION AND GROWTH DEVELOPMENT POLICY GRANT

June 04, 2015

Haiti Country Management Unit
MFM GP
Latin America and Caribbean Region

**Fiscal Year**
October 1 to September 30

**Currency Equivalents**
(Exchange Rate as of February 20, 2015)

| | | |
|---|---|---|
| Currency Unit | = | Haitian Gourde |
| US$1.00 | = | HT47.6 |

## ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| BRH | Central Bank of the Republic of Haiti (*Banque de la République d'Haïti)* |
| CIDA | Canadian International Development Agency |
| CNMP | National Procurement Commission (*Commission Nationale des Marchés Publics*) |
| CSCCA | Court of Accounts (*Cour Supérieur des Comptes et du Contentieux Administratif*) |
| DINEPA | National Direction of Potable Water and Sanitation (*Direction Nationale de l'Eau Potable et de l'Assainissement*) |
| DPG | Development Policy Grant |
| DPO | Development Policy Operation |
| DSNCRP | National Strategy for Growth and Poverty Reduction (*Document de Stratégie Nationale Pour la Croissance et la Réduction de la Pauvreté*) |
| EDH | National Electricity Company (*Electricité d'Haïti*) |
| ECF | Extended Credit Facility |
| EGRO | Economic Governance Reform Operation |
| EGTAG | Economic Governance Technical Assistance Grant |
| GCAB | Joint Budget Support Group (*Groupe Conjoint d'Appui Budgétaire*) |
| HELP | Haiti Economic Lift Program |
| HIPC | Heavily Indebted Poor Countries |
| HRF | Haiti Reconstruction Fund |
| IADB | Inter-American Development Bank |
| IDA | International Development Association |
| IHRC | Interim Haiti Recovery Commission |
| IEZ | Integrated Economic Zone |
| IFC | International Finance Corporation |
| IMF | International Monetary Fund |
| IPP | Independent Power Producers |
| ISN | Interim Strategy Note |
| MEF | Ministry of Economy and Finance |
| MDRI | Multilateral Debt Relief Initiative |
| MOU | Memorandum of Understanding |
| MARNDR | Ministry of Agriculture, Natural Resources and Rural Development (*Ministère de l'Agriculture, des Ressources Naturelles et du Développement Rural)* |

| | |
|---|---|
| MPCE | Ministry of Planning and External Cooperation (*Ministère de la Planification et Coopération Externe)* |
| MTPTEC | Ministry of Public Works, Transport, Energy and Communications (*Ministère des Travaux Public, Transport, Energie et de la Communication*) |
| PARDH | National Recovery and Development Action Plan for Haiti |
| PEFA | Public Expenditure and Financial Accountability |
| PFM | Public Financial Management |
| PPA | Power Purchase Agreement |
| PPP | Public-Private Partnership |
| PREPSEL | Electricity Loss Reduction Project |
| PRSP | Poverty Reduction Strategy Paper |
| PSIA | Poverty and Social Impact Analysis |
| PV | Present Value |
| SYSDEP | Expenditure Information System (*Système d'Informatisation des Dépenses)* |
| SYSGEP | Investment Project Management System (*Système de Gestion des Projets)* |
| UEP | Programming and Analysis Units (*Unités d'Etudes et de Programmation*) |
| ULCC | Anti-corruption Unit (*Unité de Lutte contre la Corruption)* |
| UN | United Nations |
| USAID | United States Agency for International Development |
| US$ | United States Dollar |

| | |
|---|---|
| Vice President: | Jorge Familiar |
| Country Director: | Mary Barton-Dock |
| Sector Manager: | Miria Pigato |
| Task Team Leader: | Evans Jadotte |
| ICR Team Leader: | Calvin Zebaze Djiofack |

**HAITI**

**Economic Reconstruction and Growth Development Policy Grant**

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## DATA SHEET

| A. Basic Information | | | |
|---|---|---|---|
| Country: | Haiti | Program Name: | Economic Reconstruction and Growth Development Policy Credit |
| Program ID: | P127208 | L/C/TF Number(s): | IDA-H8680,TF-15662 |
| ICR Date: | 01/20/2015 | ICR Type: | Core ICR |
| Lending Instrument: | DPL | Borrower: | REPUBLIC OF HAITI |
| Original Total Commitment: | USD 20.00M | Disbursed Amount: | USD 20.40M |
| Revised Amount: | USD 20.00M | | |
| **Implementing Agencies: Ministry of Economy and Finance** | | | |
| **Co-financiers and Other External Partners:** | | | |

| B. Key Dates | | | | |
|---|---|---|---|---|
| **Process** | **Date** | **Process** | **Original Date** | **Revised / Actual Date(s)** |
| Concept Review: | 03/07/2012 | Effectiveness: | 08/15/2013 | 08/29/2013 |
| Appraisal: | 05/07/2013 | Restructuring(s): | | |
| Approval: | 06/18/2013 | Mid-term Review: | 01/13/2014 | 03/14/2014 |
| | | Closing: | 06/30/2014 | 06/30/2014 |

| C. Ratings Summary | |
|---|---|
| **C.1 Performance Rating by ICR** | |
| Outcomes: | Moderately Unsatisfactory |
| Risk to Development Outcome: | High Risk |
| Bank Performance: | Moderately Unsatisfactory |
| Borrower Performance: | Unsatisfactory |

| C.2 Detailed Ratings of Bank and Borrower Performance (by ICR) | | | |
|---|---|---|---|
| **Bank** | **Ratings** | **Borrower** | **Ratings** |
| Quality at Entry: | Moderately Unsatisfactory | Government: | Unsatisfactory |
| Quality of Supervision: | Moderately Satisfactory | Implementing Agency/Agencies: | Unsatisfactory |
| **Overall Bank Performance:** | Moderately Unsatisfactory | **Overall Borrower Performance:** | Unsatisfactory |

| C.3 Quality at Entry and Implementation Performance Indicators | | | |
|---|---|---|---|
| Implementation Performance | Indicators | QAG Assessments (if any) | Rating: |
| Potential Problem Program at any time (Yes/No): | No | Quality at Entry (QEA): | 1. None |
| Problem Program at any time (Yes/No): | Yes | Quality of Supervision (QSA): | 2. None |
| DO rating before Closing/Inactive status: | Unsatisfactory | | |

| D. Sector and Theme Codes | | |
|---|---|---|
| | Original | Actual |
| **Sector Code (as % of total Bank financing)** | | |
| Banking | 5 | |
| Central government administration | 56 | |
| General public administration sector | 11 | |
| Transmission and Distribution of Electricity | 28 | |
| | | |
| **Theme Code (as % of total Bank financing)** | | |
| Administrative and civil service reform | 11 | |
| Other public sector governance | 33 | |
| Public expenditure, financial management and procurement | 56 | |

| E. Bank Staff | | |
|---|---|---|
| Positions | At ICR | At Approval |
| Vice President: | Jorge Familiar | Hasan Tuluy |
| Country Director: | Mary Barton-Dock | Alexandre Abrantes |
| Practice Manager/Manager: | Miria Pigato | Auguste Kouame |
| Program Team Leader: | Evans Jadotte | Elizabeth Ruppert Bulmer |
| ICR Team Leader: | Calvin Djiofack Zebaze | Calvin Djiofack Zebaze |

## F. Results Framework Analysis

**Program Development Objectives** (from Project Appraisal Document)
**The Development Policy Grant objective is to support the Government of Haiti's program of sustainable reconstruction and growth.** In particular, the Grant aims at supporting institution building, and the strengthening of economic governance through: (a) improvements to the commercial viability of the electricity sector, (b) improved transparency, accountability and efficiency of public resource use, and (c) continuation of the Government's economic reform program and the transfer of resources to the Haitian budget in the event of a financing gap.

**Revised Program Development Objectives (if any, as approved by original approving authority)**
NA

## (a) PDO Indicator(s)

## Table 1. Project development objectives

| Indicator | Baseline Value | Original Target Values (from approval documents) | Actual Value Achieved at Completion or Target Years |
|---|---|---|---|
| | | | |
| **Indicator 1:** | No information or publication on public investment using SYSGEP | The Directorate of Public Investment publishes quarterly budget execution reports using SYSGEP that provide accurate information about domestically-financed public investment beyond the commitment stage with information covering line ministries and by project | The Government of Haiti (GoH) has effectively substituted SYSGEP for SID-Haiti (Système d'Information sur le Développement d'Haïti). The Client argued that SYSGEP was no longer a viable option as it became cumbersome and difficult to obtain information from. However, the move was unilateral and did not receive Bank' approval. The Bank's project team assessment is that the new software, SID (Systèeme d' Information sur le Développement d'Haïti), is an information system only and not a public investment management tool (see ISR).<br><br>Furthermore, no quarterly publication of domestically-financed budget execution was provided by SID.<br><br>**Conclusion:** This objective was not met. |
| **Indicator 2 :** | There are 569 public accounts at the Central Bank and commercial banks (as of May 2012), the majority of which are idle or dormant | The number of accounts for each line ministry has been reduced to 3 accounts at the Central Bank: a current account for operations, an investment account, and a revenue account, representing a key step allowing the establishment of the Single Treasury Account (STA) | At the closure of the program in June 2014, this objective was not met. Between October 2013 and March 7th, 2014 88 accounts were closed; the outstanding balance of 84 additional accounts was brought down to zero and the proceeds transferred to the corresponding STA at the Central Bank. |

| | | | |
|---|---|---|---|
| | | | At the closure of the program, there remained 126 accounts to be closed to reach the objective of 3 accounts per line ministry and other entities.<br>However, the objective was met on September 2014.The Bank team received a copy of the decree of September 2014 from the Prime Minister and the Ministry of Economy and Finance; closing the remaining 126 account and creating accounting units required for the operationalization of the Single Treasury Account (STA). The ICR interviews conducted in January 2015 with the 19 line ministries confirmed the achievement of this objective (see annex 2).<br><br>**Conclusion:** The objective was met with 3 months delay. |
| **Indicator 3 :** | The 2009 Procurement Law is not fully effective; the share of contracts using competitive or limited bidding in FY12 was less than one-third | Not less than two-thirds of public procurement contracts above the prior-review threshold and signed after March 31, 2013, and outside of periods of Emergency Law, are the result of competitive or limited bidding, using standard bidding documents | The CNMP did not collect adequate information to monitor this indicator, largely because of the delay in the approval of the government budget for FY 2014.The ISR report mentioned that the Bank Team has agreed with the MEF that a joint task force be formed including the Treasury, the National Procurement Agency (CNMP), the Supreme Court of Auditors (CSCCA), and the Directorate of Public Investment (DIP-MPCE) to track down and collect the necessary information to come up with a reliable measure of the contracts passed from March 2013 to date. However, the joint force has never been never operational.<br><br>**Conclusion**: Objective was not met |

| | | | |
|---|---|---|---|
| **Indicator 4 :** | No procurement plans were prepared for FY11 or FY12 within the required timeframe | All procuring ministries have submitted procurement plans for FY14 to CNMP by October 31, 2013; ministerial procurement units submit quarterly reports to CNMP on all procurement activity in their ministries | Only 58 percent of the ministries (11 out of 19) had submitted their procurement plans for FY14 to the National Procurement Agency (CNMP) by October 31. Two additional line ministries submitted their procurement plans with delays ( in November). Moreover, the ICR survey revealed that .4 out of the 6 line ministries that did not submit a plan have no procurement activities Furthermore, only two ministries (Finance and Education) submitted any quarterly plans.<br><br>**Conclusion**: Objective was partially met. |
| **Indicator 5 :** | The US$11M allocated to the 5 terminated contracts are not reallocated to other investments | The US$11M originally allocated to the 5 terminated contracts was freed up for reallocation to other investments | The Department of Legal Affairs of the Ministry of Finance, the MPCE and the Supreme Court of Auditors ( CSCCA) have provided supporting evidence on the legal basis of the termination of these contracts. The US$11M originally allocated to the 5 terminated contracts was freed up and reallocated to other investments by end June 2014. The Bank team is satisfied with the documentation submitted.<br><br>**Conclusion**: Objective met |
| **Indicator 6:** | Modern remote meters at IPP entry points are lacking, so that IPPs' production claims cannot be verified | Payment of IPP bills is based on production levels measured by remote meters and verified by EDH | At the closure of the program, only 2 (E-Power et Sogener à Varreux T-69) out of the 6 meters for the billing of IPP were functional. This represents 51% of total production of IPP. The other four meters were damaged and sent for repairs abroad. As of April 2015, a World Bank Energy team conducted an on-site assessment of all 3 IPPs. All |

| | | | |
|---|---|---|---|
| | | | meters were installed and functioning. However, they were still not functioning remotely and no evidence of their use to cross-check bills was provided by EDH. Hence, although substantial progress was made, this objective is still not met 9 months after the closing of the program.<br><br>**Conclusion**: Objective not met. |
| **Indicator 7:** | Meters of many large customers indicate zero electricity consumed | EDH billing of priority customers is based on meter readings | At appraisal, the objective was largely met. EDH conducted inquiries and regularized more than 200 customers' accounts, resulting in a 9 percent increase in revenues. .<br><br>**Conclusion**: Objective met |
| **Indicator 8:** | Central administration arrears to EDH amounted to US$6.9 million in September 2012 | No new arrears by the Central Government to EDH for electricity consumption are accumulated | The objective was not met at the closure of the program. At the end of June 2014, the total Central Administration arrears to EDH was evaluated at US$5.4M.<br><br>However, EDH provided evidence to the ICR team that the government debt has been fully paid early January 2015. The Bank is satisfied with the documentation presented.<br><br>**Conclusion**: Objective met with 6 month delay. |

## (b) Intermediate Outcome Indicator(s)

**Table 2. Intermediate outcome indicators**

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|---|---|---|---|---|
| | | | | |
| **Indicator 1:** | No information or publication on public | 1. The Ministry of Planning and External Cooperation has | | Met January 2012 |

| | | | | |
|---|---|---|---|---|
| | investment using SYSGEP | established and staffed a Directorate of Public Investment within the said ministry<br><br>2. The Programming and Analysis Units (UEPs) in line ministries have been staffed, and a UEP action plan to restructure and strengthen the said UEPs was adopted in January 2013 by the Prime Minister's Office | | **Met January 2013** |
| **Indicator 2 :** | There are 569 public accounts at the Central Bank and commercial banks (as of May 2012), the majority of which are idle or dormant | 3.The Ministry of Economy and Finance has adopted the May 2012 strategy to establish the Single Treasury Account, and closed 301 idle and dormant public accounts at the Central Bank and commercial banks | | Met September 2012 |
| **Indicator 3 :** | The 2009 Procurement Law is not fully effective; the share of contracts using competitive or limited bidding in FY12 was less than one-third[1] | 4. Pursuant to the Procurement Law dated June10, 2009, the Government has issued and published on December 21, 2012 through its executive branch, the following two implementing regulations ("*arrêtés d'application*") covering respectively: (i) the code of ethics for officials involved in procurement activities; and (ii) the standard | | Met December 2012 |

[1] The share is calculated in terms of the number of contracts passed by ministries excluding those passed under an Emergency Law.

| | | | | |
|---|---|---|---|---|
| | | documents for evaluating bids[2] | | |
| **Indicator 4 :** | No procurement plans were prepared for FY11 or FY12 within the required timeframe | 5. All line ministries have established and staffed ministerial procurement units (*commissions ministérielles de passation des marchés*), and the Commission Nationale des Marchés Publics (CNMP) has provided training to the staffs of such units | | Met September 2012 |
| **Indicator 5 :** | | 6. In order to improve public procurement practices, the Government has, in accordance with the Arrêté dated February 16, 2005, and the Emergency Law dated April 19, 2010, rescinded 5 contracts awarded under the said Emergency Law | | Met July 2012 |

[2] The *Charte d'Ethique Applicable aux Acteurs des Marchés Publics et des Conventions de Concession d'Ouvrage de Service Public* and the *Documents Standards Relatifs à l'Evaluation des Offres et au Suivi de l'Exécution des Marchés Publics (Documents Normalisés)* were adopted in *Arrêtés présidentiels* dated December 21, 2012.

| | | | | |
|---|---|---|---|---|
| **Indicator 6:** | Modern remote meters at IPP entry points are lacking, so that IPPs' production claims cannot be verified | 7. EDH has initiated the use of meter readings from functional remote meters newly installed at IPP entry points to verify IPP production levels and inform billing | | Met March 2013 |
| **Indicator 7:** | Meters of many large customers indicate zero electricity consumed | 8. EDH has performed on-site meter testing and verified meter readings for at least 200 priority customers, re-issued bills, and implemented arrears recovery plans when applicable | | Met January 2013 |
| **Indicator 8:** | Central administration arrears to EDH amounted to US$6.9 million in September 2012 | 9. The Central Government, through the Ministry of Economy and Finance, has settled all its FY12 payment delays to EDH | | Met November 2012 |

## G. Ratings of Program Performance in ISRs

| No. | Date ISR Archived | DO | IP | Actual Disbursements (USD millions) |
|---|---|---|---|---|
| 1 | 10/01/2013 | Satisfactory | Satisfactory | 20.40 |
| 2 | 05/31/2014 | Unsatisfactory | Unsatisfactory | 20.40 |

## H. Restructuring (if any)

Not Applicable

**Implementation Completion and Results Report for an**
**Economic Reconstruction and Growth Development Policy**
**Grant to the Republic Of Haiti**

## 1. Program Context, Development Objectives and Design

### 1.1 Context at Appraisal

1. **At the time of appraisal, some progress had been made in coping with the devastating earthquake of January 2010, which killed 230,000 and displaced over a million Haitians.** The election of Michel Joseph Martelly as President in May 2011 marked the first peaceful handover of power from one democratically elected president to another from a different political party. However, the political climate remains contentious, with strong tensions between the Executive and Parliament, which de facto lapsed on January 12, 2013. While the appointment of a business-friendly prime minister in May 2012 was received positively by the donor community and the private sector, the clear break with some practices of management of public resources that many had hoped for was not obvious..

2. **The security situation remains uncertain, due to growing frustration over the increase in the price of basic foodstuffs, dissatisfaction with the slow pace of reconstruction, and allegations of corruption.** Moreover, two severe hurricanes in 2012 (Isaac and Sandy) had further disrupted the economy and Government operations, greatly complicating the Government's task in managing the reform program while increasing the urgency of Bank support. Thus, the appraisal mission faced a difficult environment.

3. **Haiti made some progress in establishing macroeconomic stability.** After the devastating earthquake of January 2010 and the subsequent severe recession, the economy recovered by 5.6 percent in FY11. GDP growth fell to 2.9 percent FY12 due to some slowdown in government investment expenditures, and a hurricane and intense drought that impaired agricultural production. Inflation declined to 6.5 percent in FY12 from 10.4 percent in the previous year. The exchange rate, a managed float, remained stable over the two previous years. Despite sharp fluctuations in trade flows, the current account deficit remained relatively stable (4.6 percent of GDP in FY11 and 5.7 percent in FY12), and reserves were equivalent to over 6 months of imports. The fiscal deficit (including grants) was 4.1 percent of GDP in FY11 and 4.8 percent in FY12. Revenues increased through intensified efforts at tax collection (supported by technical assistance from the IMF), while current expenditures has been relatively stable.

4. **Shifts in deficits is driven by large external inflows (very large grant inflows after the earthquake, followed by increased inflows from the oil import financing arrangement with Venezuela, referred to as PetroCaribe) that financed some capital expenditures and government social programs.** The Government has also been able to access internal financing from the Central Bank and, by issuing T-bills. Haiti's pre-earthquake debt levels were significant, but a series of debt forgiveness arrangements – the Heavily Indebted Poor Countries (HIPC) relief and Multilateral Debt Relief Initiative (MDRI) – sharply reduced external debt obligations from 29 percent of GDP in FY08 to only 8.9 percent of GDP by FY11. Public debt accumulation then resumed, however, pushing the external debt-to-GDP ratio to 13.3 percent of GDP in FY12, driven

by PetroCaribe sources. The IMF has satisfactorily concluded the fifth review of its ECF program in March 2013.

**5. The main challenges going forward is how to maximize the aid momentum and prepare for reduced external assistance in the medium term.** External financing of 21 percent of GDP in FY11 and 15 percent in FY12 (from both grants and the oil import financing program) has been responsible for the bulk of recent social and economic achievements. In preparing for the likely decline in external assistance, the Government emphasized measures to (i) improve public resource efficiency – including through public financial management, procurement and electricity sector reforms; (ii) target grant funding to infrastructure and human capital investment that supports growth; (iii) foster private sector development through regulatory reform and export promotion in integrated economic zones; and (iv) mobilize additional resources through fiscal reforms and public-private partnerships.

### 1.2 Original Program Development Objectives (PDO) and Key Indicators (as approved):

**6. The policy areas covered by this program (including public finance management, electricity sector reforms, and governance) were selected in coordination with other donors, and represent a subset of policies delineated in the joint donor matrix.** A joint-mission of donors involved in budget support took place in February 2012 to coordinate the policy actions underpinning the Government's reform program and budget support operations. This mission followed on a series of joint supervision missions and consultations among the members of the Joint Budget Support Group (*Groupe Conjoint d'Appui Budgétaire*, GCAB), including in particular the World Bank, IADB, EU, France, Spain, CIDA, USAID, and in collaboration with the IMF.

**7. The operation's development objective is to support the Government of Haiti's program of sustainable reconstruction and growth.** Towards this end, the Grant supports institution building and the strengthening of economic governance in sectors critical to reconstruction and growth in the short and medium term: (a) improving the commercial viability of the electricity sector; (b) improving transparency, accountability and efficiency of public resource use, leading to increased spending effectiveness across ministries, and (c) supporting the Government's economic reform program and the Haitian budget through the transfer of resources.

**8. The operation is built on nine specific, prior actions designed to strengthen transparency and financial sector management, including**:

- establishment and staffing by the Ministry of Planning and External Cooperation of a Directorate of Public Investment;
- staffing of the Programming and Analysis Units (UEPs) in line ministries, and adoption of a UEP action plan to restructure and strengthen the UEPs;
- adoption of a strategy by the Ministry of Economy and Finance to establish the Single Treasury Account, and closure of 301 idle and dormant public accounts at the Central Bank and commercial banks;
- issuance and publication of implementing regulations for the 2009 Procurement Law, covering the code of ethics for officials involved in procurement activities and the standard documents for evaluating bids;

- establishment and staffing of procurement units in all line ministries, and provision of training by the *Commission Nationale des Marchés Publics* (CNMP) to the staffs of these units;
- rescinding of 5 contracts awarded under the Emergency Law of April 19, 2010;
- initiation by EDH of the use of meter readings from functional remote meters newly installed at IPP entry points to verify IPP production levels and inform billing;
- initiation by EDH of on-site meter testing and verified meter readings for at least 200 priority customers, reissuance of bills, and implementation of arrears recovery plans, when applicable; and
- settling by the Central Government of all FY12 payment delays to EDH.

**1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification:**

**9. The objectives of the operation were not revised.**

**1.4 Original Policy Areas Supported by the Program (as approved):**

**The Grant is intended to support key actions to improve economic governance in public financial management, public procurement, and electricity sector performance.**

**Public financial management**

**10. While Haiti has made progress in budget preparation and transparency, key areas of public financial management remain weak.** The operation focuses on two critical items for improved transparency and accountability of public resources management: public expenditure tracking and monitoring, and the establishment of a Single Treasury Account. A system to track effectively where public funds are spent and what outcomes result is necessary to make government functioning more transparent and accountable, which in turn could inform spending priorities and planning for the future. Better expenditure tracking and monitoring is to be facilitated by streamlining the accounts through which public funds are processed into a Single Treasury Account, reducing opportunities for funds to be diverted and enabling more efficient cash management.

**11. The system for tracking public expenditures is fragmented and did not provide comprehensive information.** It captures only current expenditures and allocations to line ministries for domestically-financed investment at the commitment stage. For capital spending, once funds are transferred by the Ministry of Economy and Finance to the Ministry of Planning and then onward to projects and/or line ministries, the transaction is accounted as budget execution. Thus, there is no proper tracking of the status of expenditure processing or project implementation.

**12. The operation supports ongoing measures to improve the integrity of the budget and the credibility of the public expenditure management system.** The Ministry of Planning has developed and started rolling out in 2009 an information system (SYSGEP) linking line ministries with the Ministry of Planning, which allows for consolidating data on investment budget execution and monitoring the related physical execution and outcomes. The Directorate of Public Investment, under the Ministry of Planning, is in charge of operationalizing the system, relying on the Programming and Analysis Units (*Unités d'Etudes et de Programmation – UEPs*) in line ministries, which are tasked with entering into the system data on investment at various stages of execution for further centralization and treatment at the level of the Ministry of Planning. By the closing date of the Grant in June 2014, it is expected that the Directorate of Public Investment will have published quarterly budget execution reports using SYSGEP, containing information on public investment financed through the government budget – including the proceeds of PetroCaribe – beyond the commitment stage, with information covering line ministries and by project.

**13. In a complementary effort to improve control over public resources, and more broadly to improve the efficiency of their use, the Government also has started implementing the measures needed to establish a Single Treasury Account.** The Ministry of Economy and Finance has completed an inventory of public accounts held by line ministries at the Central Bank and commercial banks, identifying a total of 569 accounts. By the closing date of the operation, the number of bank accounts is to be reduced to three per ministry, which would contribute to more transparent and efficient public resource use for reconstruction and other priority spending by avoiding unnecessary borrowing costs and enhancing the Treasury's control over public resources.

**Procurement**

**14. The operation supports the establishment of a credible institutional framework for procurement and upgrading of procurement management capacity**. The progress achieved in procurement before 2010 has stalled after the earthquake. In order to accelerate reconstruction activities in the immediate aftermath of the earthquake, the Government adopted an Emergency Law that included specific dispositions allowing for limited competitive bidding for public contracts. While the Government swiftly restored the procurement regulatory body, the CNMP, policy reform implementation had been slow. As of early December 2011, 14 of the 17 implementing decrees have been adopted, but only four have been published, which delayed the effectiveness of the Procurement Law. In addition, effective procurement and transparency is dependent on line ministries submitting annual procurement plans to the CNMP, but procurement units in most ministries are barely functional, and there is no code of ethics guiding officials involved in procurement activities (as is the norm in other countries).

**15. A specific issue of concern is the new Emergency Law enacted after Hurricane Sandy in October 2012, which provides for the issuance of a large number of contracts using non-competitive procurement procedures.** The goal is to redress as quickly as possible the severe damage caused by the storm, which according to Government sources amounts to an estimated US$120 million.

**16. By the closing date of this Grant, it is expected that two-thirds of public procurement contracts above the prior-review threshold signed after March 31, 2013, and outside of periods of Emergency Law, will be the result of competitive or limited bidding, using standard bidding documents**. This would represent a significant improvement compared to the baseline indicator of less than one-third. Continuing technical assistance to the CNMP and the ministerial procurement units is to be provided to strengthen the application and culture of good procurement practices. The continuing TA are expected to contribute to address some of the capacity issues highlighted in this ICR. The Bank is providing technical assistance through the Infrastructure and Institutions Emergency Recovery Project (US$65 million approved after the earthquake focused on restoring key economic and financial functions) and recent Additional Financing (of US$35 million approved on September 2012) to enhance CNMP's capacity. In mid-2012, the program support the CNMP to organize a series of training workshops so that agents working in existing procurement units and relevant officials could effectively use the various documents underpinning the new legal framework. The Technical assistance under the Infrastructure and Institutions Emergency Recovery Project has also supported the development of the CNMP website, and will help develop an information system to enhance record keeping and reporting of procurement practices. All procuring ministries are expected to submit their FY14 procurement plans to CNMP before October 31, 2013, as required by the Law. Furthermore, ministerial procurement units are to submit quarterly reports to CNMP on all procurement activity in their ministries in conformity with the Law, including activity undertaken under the Emergency Law. This data can then be cross-referenced with public investment execution information being tracked by the UEPs.

**Electricity Sector**

**17. Finally, the operation supports electricity sector reforms to improve governance and enhance EDH's financial performance**. Due to a poor management system, the performance of the national, vertically integrated electricity utility Electricité d'Haïti (EDH) has deteriorated over time. EDH has been characterized by weak customer services and lack of infrastructure maintenance, which has affected its revenue performance as well as the quality of electricity service and supply, including frequent service interruptions and large voltage fluctuations. The sector's institutional framework is obsolete, sector policies are out of date, planning and monitoring of sector activities is inadequate, and vested interests have impeded reform efforts, in particular by creating bottlenecks for installing meters at IPPs. The compound effect of the earthquake on power generation, transmission, and distribution further aggravated EDH's weak performance. In 2011, bill collection rates were as low as 65 percent, while EDH's losses stood at 65 percent of the electricity generated (of which commercial losses represented nearly 40 percent). Only one-fourth of Haiti's population has access to electricity, and in rural areas, access is around 5 percent.

**18. EDH's weak grid infrastructure, poor commercial performance, and inadequate controls over sub-contracted electricity generation by independent power producers (IPPs) have led to a financial drain on Government resources.** Due to its inability to meet electricity demand and in an attempt to expand electricity availability, EDH has subcontracted part of the production of electricity to IPPs.[3] Unable to cover its operating expenses, including fuel costs and power purchases, in part because of low bill collection rates, EDH has relied on fiscal transfers from the Treasury averaging US$200 million annually in recent years (equivalent to 10 percent of the national budget and 1-2 percent of GDP).[4] IPPs are expected to continue to play a major role in power generation in Haiti. In particular, as the Government plans to expand electricity coverage

[3] IPPs provided 60 percent of total electricity generation in 2011.
[4] Electricity transfers are unbounded due to their dependence on international oil prices, electricity supply, unsanctioned theft and bill non-payment, inter alia.

to support development of industry, trade and tourism zones, the demand for reliable electricity is likely to increase.

**19. Past governance reforms to preserve the integrity of public resource management in the electricity sector have produced modest results.** The control system to check the accuracy of IPPs' bills is weak, both at the level of EDH and the Government. Ill-equipped, EDH can not systematically check the power and energy produced by IPPs, and there is no adequate institutional set-up at the level of MEF and MTPTEC. The Government has made progress through transferring accountability and responsibility for IPPs to the state power company, initiating a dialogue on the level of state support needed and the modalities of their transfer to EDH (an essential component of budget planning for all parties), and the publication of a monitoring table including key data, despite some irregularity and interruptions.[5] Nevertheless, the risk of overpaying IPPs remains high, given that EDH cannot accurately measure the amount of power and energy delivered by IPPs. The Government also has initiated a range of corrective measures to address challenges related to sector performance, institutional capacity and financial viability, with Bank support under the Electricity Loss Reduction Project.

**20. Nevertheless, these measures have not generated marked improvements in electricity service delivery or EDH's financial performance.** With respect to the management of IPP bills, the capacity for EDH to ensure billing accuracy is inadequate, and the incentives for EDH to ensure billing accuracy and operational efficiency are weak, because EDH ultimately relies on the sovereign guarantee in the power purchase agreements (PPAs) and passes on all costs to the central government rather than directly compensating IPPs. IPP invoices submitted to EDH can not be verified. Improving the management of public transfers and the accountability system in the sector requires a gradual transfer of payment responsibility away from the Ministry of Finance directly to EDH through a well-defined financial framework, accompanied by investment in equipment for EDH to enhance control over power and energy distributed by IPPs; this is being supported through the purchase and installation of remote meters, an action financed by the Bank's Electricity Loss Reduction Project. By the closing date of this Grant, it is expected that the payment of IPPs' bills would be based on production levels measured by remote meters and verified by EDH, which should eliminate any unexplained discrepancies between IPP claims of energy generation and IPP payments. It is also expected that billing of priority customers would be based on meter readings, and that no new arrears by the Central Government to EDH for electricity consumption will emerge.

### 1.5 Revised Policy Areas (if applicable):

The policy areas were not revised.

### 1.6 Other significant changes (in design, scope and scale, implementation arrangements and schedule, and funding allocations):

Not applicable

[5] The table, published on the MEF website, includes portions of updated data on: (i) payments by the State to each IPP, as well as transfers to cover EDH fuel costs, (ii) payments by EDH to each IPP, (iii) energy produced by each IPP, and (iv) amounts billed by each IPP during the period.

## 2. Key Factors Affecting Implementation and Outcomes

### 2.1 Program Performance

**21. The Economic Reconstruction and Growth Development Policy Grant was a stand-alone operation.** It was approved on June 18, 2013, became effective on August 29, 2013, and was closed on June 30, 2014. All 9 prior actions, listed above, were met by the time of Board approval.

**22. With regard to the Policy Grant indicators' targets: a total of eight expected outcomes in the areas of public financial management, procurement, and the electricity sector (see (a) on PDO Indicators), were to be achieved by closure of the operation in June 2014.** However only two were met, two more were completed with some delay, and 5 were not met at the time of the ICR mission (Table 1) in January 2015. Two key issues impeded achievement of several targets. The first was the extremely difficult political and economic environment. Tensions between the government and the legislative branch resulted in extended delays in approving a budget, which greatly complicated efforts to strengthen administration. Moreover, the continued impact of the 2010 earthquake and Hurricane Sandy in 2012 on the functioning of government compounded longstanding weaknesses in public sector administration, including difficulties in retaining technical staff. The second, however, was the clear resistance to reform objectives by some responsible authorities, including a lack of commitment to the agreed investment programming system and the likely obstruction of efforts to improve monitoring of electricity bills.

### Public Financial Management

***Indicator 1:*** *The Directorate of Public Investment is to publish quarterly budgetary execution reports using SYSGEP. These reports are to provide accurate information on domestically-financed investment beyond the commitment state, broken down by line ministries and by project.*

**23. This objective was not achieved. The Government abandoned SYSGEP as a means of tracking investment projects, and substituted a different system (SID-Haiti).** The Government apparently preferred this system because the SYSGEP system was cumbersome to use, and SID-Haiti can be accessed through the Internet, while SYSGEP can only be accessed through the Government's systems. The last supervision mission for the operation (in May 2014) concluded that SID-Haiti was not an optimal system for investment programming. Nevertheless, the system could be used for this purpose, and the major constraint on investment programming was seen as the failure to adequately staff the units responsible for investment in the line ministries.

**24. Formally speaking, it might have been preferable to modify the target, in light of the Government's decision to proceed with a different system than originally envisioned.** However, the goal of providing a regular report on domestically-financed investment as a tool to improve management of the public investment program would not have been met in any event.

**25. The failure to meet the program goal of improving the transparency of public investment goes beyond the adoption of another software program.** The reporting system was to rely on the establishment of *Unités d'Etudes et de Programmation (UEPs*) in each line ministry. However, many of these units were not functioning or were not adequately staffed and equipped (see Table A2-3 and A2-4). The ICR interviews of the 19 line ministries revealed that only 5 have a level of satisfaction of more than 3 (5 is the highest score and 1 the lowest) regarding the number of staff they need to achieve their objective. Only 4 out of 19 line ministries have a satisfaction rating of more than 3 regarding the quality of their equipment (computer, offices, and appropriate software). The case of the Ministry of Public Works, a key ministry for public procurement, illustrates the problems involved: the UEP was still not effectively functioning at the time of the ICR mission in January 2015. The counterpart in the Ministry indicated to the ICR team that the budget request to fund the UEP was not fully funded. the previous year.

**26. Moreover, improving investment planning was complicated by the failure to approve the Government's budget during the past two years, and the apparent failure of the DIP to mobilize line ministries to cooperate.** The Directorate for Investment Planning is in the Ministry of Planning, which reported to the Prime Minister during the execution of the program. it is possible that the lack of their own Minister made it more difficult for the DIP to mobilize other ministries to cooperate in the reform. One indication of the problems involved was that the UEP in the Ministry of Planning, the Ministry responsible for carrying out this reform, cannot obtain adequate information on investments in that Ministry.

***Indicator 2:*** *Each line ministry is to hold only three bank accounts (a current account for operations, an investment account, and a revenue account), and these are to be at the Central Bank, not at commercial banks.*

**27. This outcome was not fully achieved by June 2014 (when few ministries were in compliance), but was completed by September 2014. There appears to have been considerable initial resistance to this reform at the highest level of government and in some line ministries. An accompanying requirement was that a public accountant from the Treasury would have to sign off on each expenditure out of these accounts by each Ministry, and this may have been viewed as interference in the responsibilities of the line ministries. Because of the resistance from line ministries, the Prime Minister had to suspend the implementation of this measure, and requested a reevaluation of its relevance. After the reevaluation, his strong support of the measure facilitated the cooperation of line ministries. Both of these measures had to be met for approval of Haiti's IMF program.**

**Procurement**

***Indicator 3:*** *Not less than two-thirds of the public procurement contracts above the prior-review threshold and signed after March 31, 2013, and outside of periods of Emergency Law, are to be the result of competitive or limited bidding, using standard bidding documents.*

**28. This objective was not achieved**. The bidding process was to be monitored by a national procurement committee, but it does not appear that this committee pursued this responsibility very aggressively, due to lacking capacity, political will, and the power to enforce the Procurement Law.

*__Indicator 4:__ All procuring ministries are to submit procurement plans for FY14 to CNMP by October 31, 2013, and ministerial procurement units are to submit quarterly reports to CNMP on all procurement activity in their ministries.*

**29. This objective was not achieved. Only 11 of the 19 Ministries presented their procurement plans to CNMP by end-October 2013 and only two ministries (Finance and Education) submitted any quarterly plans.** Although, no all line ministries submitted procurement plans by End-October, 2013 there have been substantial progress on this measure, as two additional line ministries submitted their procurement plans with delays. Moreover, the ICR survey revealed that .4 out of the 6 line ministries that did not submit a plan have no procurement activities. By contrast, the progress on the submission of quarterly reports by line ministries remained very poor. Many of the ministerial procurement units that were to be responsible for submitting quarterly reports do not appear to be functioning (see Table A2-4). One reason for the lack of progress was the failure to pass a Government budget, due to the difficult political situation.

*__Indicator 5:__ The $11 million originally allocated to five terminated contracts is to be freed up for reallocation to other investments.*

**30. This objective was achieved.**

## Electricity Sector

*__Indicator 6:__ Payment of bills by independent power producers (IPPs) is to be based on production levels measured by remote meters and verified by EDH.*

**31. This objective was not achieved.** In the past, EDH purchased electricity from the 3 IPPs based on the IPPs' declaration of how much was provided. As a result, EDH may have been paying for electricity it never received. As of June 2014, two (E-Power and Sogener à Varreux T-69) of the six meters installed at IPPs (covering 51 percent of IPP production) were functioning. As of the ICR mission in January 2015, two of the four had been repaired. A World Bank energy team conducted an on-site assessment of all 3 IPPs in April 2015. All meters were installed and functioning. However, they were still not functioning remotely, and no evidence of their use to cross-check bills was provided by EDH. Hence, although substantial progress was made, this objective was still not met 9 months after the closing of the program. The entire process has been subject to extensive delays, as there does not appear to be sufficient ownership of this program in EDH.

*__Indicator 7:__ EDH billing of priority customers is to be based on meter readings.*

**This objective was achieved.** The objective was largely met at appraisal. EDH conducted inquiries and regularized more than 200 customers' accounts, resulting in a 9 percent increase in revenues.

*__Indicator 8:__ The central government is not to incur additional arrears for the consumption of electricity in FY14.*

**32. This objective was not achieved by June 2014, when the debt of the central government to EDH had increased to about $5.4 million.** However, these arrears were cleared by January 2015. Note that the arrears of the regions to EDH exceed $50 million, but these arrears were not considered in the program.

**2.2 Major Factors Affecting Implementation:**

**33. The reform program faced major difficulties.** Efforts to improve transparency threatened the interests of entrenched groups in both the administration and EDH. Moreover, the program was initiated during a period of political turmoil, and when the country was still in the process of recovering from natural disasters that had severely disrupted government operations. The difficulties the government faced from concerted opposition from the legislature, the destruction of infrastructure from the catastrophic earthquake of January 2010 as well as Hurricane Sandy of 2012, and the longstanding weaknesses of public administration cannot be over emphasized. Information on progress was often not available, and counterparts often did not engage fully. Many of the areas are sensitive and required significant reform in an unfriendly environment, where consensus is difficult to reach. Technical assistance was provided in all major program areas to address administrative deficiencies, but could not overcome these serious impediments to achieving the program objectives. The major problems involved ownership, the incentives framework, and administrative weaknesses.

**Ownership**

**34. While Government policy endorsed the goals of the operation, each step required the focused attention of the highest levels of the administration, often the Prime Minister or the Minister of Finance.** Limits on these officials' time, combined with political considerations, constrained their ability to achieve multiple targets in an extremely volatile political context.

**35. This problem was compounded by a lack of ownership by some of the agencies responsible for carrying out the reform.** For example, one goal was to strengthen management of the public investment program through implementation of an effective planning tool, the SYSGEP information system. However, the government agency that managed this program were not really committed to using SYSGEP, and in the end adopted an alternative system that may not provide the planning capability the government needs. Similarly, effective management requires adequate reporting by line ministries of progress in their investment projects. However, several of the line ministries did not ensure that these units were functioning, and even where the units were operating, they were not always able to access the required information on investment (see Table A2-3). Indeed, the responsible unit in the Ministry of Planning, which was responsible for overall management of the investment reforms, could not obtain information about that Ministry's investment program.

**36. The procurement targets** to **ensure that most government contracts were subject to competitive bidding, were not aggressively pursued.** Many of the line ministries did not ensure that the units responsible for collecting this information were functioning properly, and some delegated procurement to state agencies under their control but not subject to public sector procurement requirements. Evidence from the ICR interviews that staffing and equipment were viewed as inadequate to meet this objective were given above.

**37. There appears to be considerable resistance to following appropriate procurement rules.** In part this may be due to the desire to circumvent controls, but it also stems from a general impatience in the administration with the delays that procurement rules entail. This culture of ignoring procurement requirements was deepened when, following hurricane Sandy in October 2012 (which caused extensive damage), the government suspended procurement requirements under an emergency law. As a result, many officials became accustomed to only minimal controls on procurement processes, which proved to be a roadblock to efforts to achieve procurement reform.

**38. Finally, the important number of failed attempts by Bank and other donors to reform the governance of EDH seems to indicate there is considerable resistance to change in that sector.** The improvement of transparency and governance of electricity sector has been part of all Bank budget support in Haiti since 2005. As shown in Annex 8, electricity sector reform was included in the series of the three Economic Governance Reform Operations (EGRO) (from 2005 to 2009), and was also one the objectives of the Emergency Development Policy Operation (2010-2011). These efforts were complemented by substantial Bank's sectoral intervention under two Energy Sector operations financed by IDA aimed at making energy more accessible and more affordable, including i) the Electricity Loss Reduction Project (PREPSEL, US$11 million) aims at improving the financial viability of EDH (2006-2013), and ii) and the ongoing Rebuilding Energy Infrastructure and Energy Access Project (US$90 million), approved in September 2012. It is worth noticing that all the previous budget support interventions were designed to address the same issues targeted in the current DPO. And Like the current DPO, all of them failed. The program to base payments to the independent power producers metering never really functioned. According to EDH management, a lack of human and technical resources hampered the efforts of EDH to install meters to improve the accuracy of billing. Indeed, EDH even faces difficulties in monitoring installed meters and managing the information flow, and is contracting with a private company to perform this service.

**Incentive framework**

**39. The stand-alone operation did not provide adequate support for officials committed to the program to argue for meeting targets in order to receive disbursements.** To some extent disbursement of the full amount based on prior actions was justified, as the operation followed on earlier operations that addressed preliminary issues, the anticipation of subsequent operations provided some incentive for the Government to meet the targets, and key targets were supported by Bank technical assistance. Moreover, prior actions were accomplished that represented progress in improving transparency. Nevertheless, the more difficult targets were to be achieved during the program, but did not trigger any further release of funds.

**40. In some cases, the line ministries did not face strong incentives to meet program objectives, as the implementing agencies lacked the authority necessary to compel compliance.** For example, while the National Procurement Committee was intensely interested in improving procurement practices, the line ministries were not compelled to respond to requests for information from the Committee. There is a formal rule that each ministry consult with the Committee, and the Cour des Comptes - CSCCA (the Supreme Court of Auditors) will not give a favorable legal opinion without the Committee's prior sign off on a procurement. However, this requirement does not appear to be enforced. The CSCCA acknowledged that many contracts were awarded despite their objection. They point to many instances where procurement contracts have been paid by Treasury with neither the Committee's sign off nor the CSCCA's favorable legal opinion.

41. **Nevertheless, the Government was capable of achieving some difficult program goals when they were pushed by strong leadership.** A lot could be done when high government officials were actively involved. For example, limiting each ministry to three bank accounts at the Central Bank was resisted by the line ministries, in particular because a complementary provision was that accountants from the Treasury would then have to sign off on expenditures made through the accounts. The accounts have effectively been reduced to three for each entity, and a public accountant co-signs all checks to be paid by Haiti's Central Bank. In this case, the counterpart at the Treasury commented to the ICR mission that the leadership of the Prime Minister and the Ministry of Finance was essential (see above).

42. **Progress also could be made when officials other than cabinet members actively supported the program.** For example, the Ministers and Generals Directors of the Ministries of Health and Education were strongly supportive of the goals of the operation, and these Ministries were able to prepare investment plans and did submit procurement reports. It also helped that the donors who funded some of the investments in these Ministries pushed for improved transparency.

**Administrative weakness**

43. **Weakness in administration, in particular the lack of qualified managers below the Ministerial level and inadequate technical support, hampered achievement of the program's goals.** Low salaries in the public sector make it extremely difficult to retain qualified technical staff. For example, more than 30 percent of the staff in the unit responsible for organizing information on public sector investment, and more than two-thirds of the staff of the CNMP, resigned during the course of the operation. The lack of adequate computer and software systems constrained the organization of information on investment in the line ministries. Moreover, the January 2010 earthquake's destruction of records, as well as physical and human capacity, exacerbated longstanding weaknesses in Haiti's public sector institutions. These difficulties were evident during design, and major aspects of the operation, including investment programming, financial management and the electricity company, were supported by Bank technical assistance.

44. **The Government did not devote enough attention to management.** No senior official from the Ministry of Finance was designated for coordinating implementation of the program. Furthermore, the lack of follow up and leveraging compliance by line ministries during the budget preparation (planning and allocations) process was a real missed opportunity.

45. **Communication of program objectives within the Government was spotty, as line ministries complained that they were unaware of important program requirements**. In some areas, the authorities responsible for key program objectives do not appear to have requested aggressively the necessary information from the line ministries. When this was done, it was often in the form of routine communications (that were frequently ignored), rather than presented as an integrated program supported by the World Bank. The ICR interviews of the line ministries indicate that 13 out of the 19 line ministries have been contacted by the relevant implementing agency to cooperate on the execution of the reform (see Table A2-2). However, only 6 of them

knew about the World Bank program. Thus, high-level officials of the Ministry of Public Works and the Ministry of Commerce, who were in their jobs during the program period, stated (in January 2015) that they were unaware of the Bank program.[6] Moreover, they approved of the goals when they were explained, and they would have placed higher priority in responding to requests had they understood the context. Both Ministries stated that they did collect much of the information requested under the operation, for example on the investment program, but this information was not delivered to the central Government agencies responsible for managing the program. Indeed, following the meeting with Bank staff in January 2015, the Ministry of Commerce sent a report on its investment program that would have met the requirements of the operation, had they submitted it to the Government.

**46. The Government also faced difficulties in coordinating its efforts in support of the program.** For example, the unit in the Ministry of Public Works responsible for collecting and transmitting investment information was not functioning owing to lack of funds. According to Public Works, they could not properly staff this unit because the Ministry of Finance refused the request for funds to do so. The Ministry of Finance acknowledged that this could have happened, but felt that Public Works could have obtained the funds had they pushed harder for them. Similarly, the Ministry of Health, which strongly supported program objectives, did submit required investment and procurement plans. However, the Ministry did not submit quarterly reports on procurement, because (according to the Ministry), they never received a request for this report from the National Procurement Committee.

**47. At times, program requirements were not clearly explained to responsible staff.** For example, it does not appear that higher-level authorities explained to the staff managing the implementation of the new investment programming system that using SYSGEP was a performance target. Overall, the lack of clarity on the part of Government officials responsible for the operation about World Bank involvement and the integrated nature of the procurement and investment programming goals impaired performance.

### 2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization:

#### Monitoring and Evaluation (M&E): Design

**48. The Government designated the Ministry of Finance to coordinate and monitor implementation under the program and to report progress toward the objectives**. Moreover, the following agencies were in charge of monitoring specific measures: the General Directorate of Debt and Treasury (DGDT) within the Ministry of Finance (MEF) had the mandate to implement the measure related to the Treasury Single Account (TSA); the Directorate of Public Investment (DIP-MPCE) was in charge of the measure related to the issuance of budget execution reports through SYSGEP; the National Procurement Agency (CNMP) had responsibility for the measures intended to improve procurement performance (line ministries' reports of procurement plans to CNMP); and EDH monitored electricity sector performance indicators (use of meter readings in its payment of IPP bills and its billing of priority customers). Although sectoral progress was

[6] However, the project team reported to the ICR mission that the Ministry of Public Works was fully aware of the program because they were overseeing EDH at the time of the appraisal, and the Minister and Deputy minister attended relevant meetings at which the program reporting were discussed.

monitored directly by the relevant entities involved, they also were supposed to benefit from indirect monitoring by MEF, a supervision committee headed by MEF was created to facilitate coordination, and MEF was in charge of reporting progress toward the objectives.

**Monitoring and Evaluation (M&E): Implementation**

**49.** The implementation of the M&E was very poor, reflecting the lack of ownership, and absence of clear incentives mechanism, and administrative weaknesses as discussed above.

**Monitoring and Evaluation (M&E): utilization**

**50.** The ICR mission found no evidence of a robust utilization of the Monitoring and Evaluation outcome by the government. The ICR team consultations revealed that high ranking official in the Ministry of Economy and Finance had limited knowledge of key issues impeding the implementation of the program, and were not very proactive pursuing the objectives of the program. Most of the actions initiated by the government under the program seem to be in reaction to a World Bank request or complaints.

**2.4 Expected Next Phase/Follow-up Operation (if any):**

**51. The Bank will continue its focus on transparency in its policy dialogue with the Government of Haiti, and will press for achievement of the targets of this operation.**

**52. The Government has requested further budget support**. The CMU is considering the new request with interest. However, a new DPO would draw heavily on the lessons learned from the current program to maintain incentives for performance. Furthermore, as discussed above (see Section 1.4), Bank' TA interventions on energy, procurement and governance are expected to continue.

**53. One idea now under discussion is to establish an inter-ministerial committee that would meet regularly, where each ministry would report on progress in meeting the procurement targets.** This could result in more effective dissemination within the Government of the reform program, as well as increase the pressure on Ministries that are not performing.

**3. Assessment of Outcomes**

**Rating: Unsatisfactory**

**54. The operation did encourage some progress.** In addition to administrative preparations, some of the prior actions (completed prior to disbursement) represented substantive policy improvements, including the closure of government's idle or dormant bank accounts, publication of regulations for the 2009 Procurement Law, rescinding of improperly-awarded contracts, and some improvements in the use of metering by EDH, coupled with settlement of the Central Government's FY12 payment delays. Further, progress was made on some of the program targets after closure of the operation, including the limitation of ministerial bank accounts to three at the Central Bank, and the submission of procurement plans. Thus, the Bank's policy dialogue with the Government continues to encourage policy reform.

**55. Nevertheless, administrative weaknesses, the turbulent political environment, and the difficult nature of the reform program meant that at the time of closure (June 30, 2014), only one of eight targets had been met**. While some of the line ministries (e.g. Health and Education) have made impressive progress in improving investment programming and procurement, many of the units established to support these goals are still not functioning properly (note that establishing these units was a prior action under the operation). At this point it is unclear whether additional investment in staff capacity and tools (software and hardware) and efforts to maintain installed capacity could have achieved the desired results without additional incentives/sanctions. Similarly, attempts to use meters to verify power supply by IPPs and billing of priority customers have been subject to considerable delay and technical difficulties, evasion and other governance challenges, and the ultimate success of this program is in doubt.

**3.1 Relevance of Objectives, Design and Implementation** (to current country and global priorities, and Bank assistance strategy):

**Rating: Moderately Satisfactory**

**56. The program objectives were relevant, and fully consistent with the Bank's country strategy and the overarching goal of poverty reduction.** Haiti has long been one of the poorest countries in the Western Hemisphere. Haiti's GDP per capita contracted 30 percent between the 1960s and the end of the last decade (IMF, 2010), and the country suffered a devastating earthquake in 2010 and two destructive hurricanes in 2012. Moreover, Haiti has a record of poor governance. The country had an overall 2011 CPIA score of 2.9 out of 6.0 and according to the Bank's *World Wide Governance Indicators*, and ranks in the bottom quartile in all measures of governance.[7] While political instability and poor governance makes Haiti a challenging environment, supporting economic reform in Haiti can make an appreciable impact on poverty reduction. The operation was designed to support key goals of the Bank's country assistance strategy, including the reconstruction of key infrastructure and promoting inclusive growth. The operation also targeted important areas of financial management and governance, including cash management by line ministries, procurement, investment programming, and power supply, where improvements could make an appreciable contribution to growth.

**57. Furthermore, the ICR consultations with stakeholders and interviews of line ministries revealed an overwhelming adherence to all the objectives pursued by the program in all the three areas targeted (Table A2-1):** PFM, procurement, electrical sector financial performance. 17 out of the 19 lines ministries interviewed reported that they fully adhere to all of the 4 objectives related to PFM and procurement. 15 of them consider the achievement of PFM as well as procurement objectives as priority for their ministry and its achievement as potentially useful for the mission of their ministry. Similarly, the counterpart at the EDH commented to the ICR team that their institution does adhere fully to the objectives of the program and does consider their achievement as a top priority.

**58. However, these objectives were too ambitious, given the difficult environment, the poor experience with some counterparts in earlier Bank operations, and the lack of inclusion of some ministries and agencies whose support was critical for success.** In particular, the objective

[7] See the World Bank's website at: http://info.worldbank.org/governance/wgi/.

that all agencies submit procurement plans by October 31, 2013 was perhaps unrealistic, given that appraisal was in May 2013. It has been best practice for a number of years to limit the number of PDO indicators to no more than five, and the operation had eight difficult ones.

**3.2 Achievement of Program Development Objectives** (including brief discussion of causal linkages between policy actions supported by the operation and outcomes):

**Rating: Unsatisfactory**

**59. The operation did make a contribution to improving transparency and government administration**. The clearance of the government's arrears with EDH was a first step towards establishing an arms-length relationship between the government and the electricity company, which will be essential to ensure financial soundness going forward. The closure of inactive government accounts at the Central Bank helped to improve financial management. Contracts that were awarded inappropriately under the emergency law were rescinded. The submission of procurement plans by line ministries also enhanced information flows to the MEF, contributing to a more effective budget preparation process. And, although not achieved prior to closure of the operation, the limitation of ministerial accounts at the Central Bank is a first, essential step towards establishing a transparent financial management system for cash balances that avoids leakages and unnecessary borrowing, and is subject to appropriate controls, including audits.

**60. Other development goals supported by the operation were less successful.** One important target was to improve the Government's ability to more effectively track and manage the investment program, which ultimately would increase the public sector's contribution to development. However, many of the units established to monitor investment in the line ministries are still not operational. Another goal was to ensure that procurement was undertaken through competitive bidding, essential to limit corruption and increase value for money. However, at this point the Government does not appear to be able to collect the information required to determine whether ministries are in compliance. Finally, greater reliance on meters to measure remotely energy provided by independent power producers was another key development objective. While all the 6 meters required had been installed nine months after the closing of the program, the slow progress in repairs and installation, and evasion efforts by some IPPs, calls into question the development impact of this program.

**3.3 Justification of Overall Outcome Rating** (combining relevance, achievement of PDOs):

**61. The overall rating is moderately unsatisfactory.** Some of the development objectives of the operation were achieved, particularly in the areas of clearance of arrears, rescinding of contracts awarded under emergency legislation, publication of procurement regulations, installation of meters for more than 200 priority customers, and progress towards a Single Treasury Account. However, the above-mentioned failures in the areas of increasing the use of competitive bidding, investment programming, and the use of meters in the power sector indicate that most of the targets of the operation were not achieved.

**3.4 Overarching Themes, Other Outcomes and Impacts** (if any, where not previously covered or to amplify discussion above):

(a) Poverty Impacts, Gender Aspects, and Social Development
NA

(b) Institutional Change/Strengthening (particularly with reference to impacts on longer-term capacity and institutional development):

**62. The operation was designed to strengthen the institutional capacity of the government in several respects.** Limiting ministerial bank accounts to three at the Central Bank was a major step towards improving cash management, and this goal was achieved, albeit three months after closure of the operation. The established units in each line ministry devoted to reporting on procurement and investment expenditures could have reduced opportunities for corruption, lowered costs, and strengthened the ability of the Ministry of Finance and the Ministry of Planning to manage the government's investment.

**63. However, achievement of these goals was limited, as reporting has been piecemeal and many of the planned investment units are not functioning**. Given the continuing, severe constraint on the quality of human capital in the government, it is not clear that even the progress made so far is sustainable. The ICR consultations revealed that most of the line ministries and procurement committees are understaffed, suffer from high turnover, lack adequate equipment and do not benefit from appropriate collaboration from their own hierarchy or from other administrations when needed (Table A2-3). The UEPs faced similar constraints (Table A2-4).

**64. A first step was taken towards improving the transparency of EDH's financial transactions through the clearance of Government arrears.** If no new arrears are incurred, and similar progress is made in rationalizing EDH's (larger) financial relationship with the municipalities, this would represent an important step towards improving EDH's financial soundness, and thus its ability to provide more electricity to the Haitian people. However, delays in installation and the malfunctioning and damage of meters calls into question EDH's ability and willingness to increase the accuracy of charges for energy provided to EDH by independent power producers, as well as the accuracy of billing by EDH to priority customers. Therefore, it is not clear that the steps achieved so far will lead to lasting improvement in management of the power sector.

(c) Other Unintended Outcomes and Impacts (positive and negative):
NA

**3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops** (optional for Core ICR, required for ILI, details in annexes):

**65. The ICR team conducted extensive and systematic interviews with 19 lines ministries, focusing on the program indicators related to public financial management and public procurement.** The questionnaire aimed to capture the line ministries' perception of i) program objectives, ii) supervision; iii) results achieved, iv) constraints to the program execution, and v) the role of the World Bank. The key messages are the following (see tables in annex 2):

- There is a very strong adhesion to the objectives pursued by the program, as between 80 and 90 percent of respondents (depending on the objective) consider the program as a priority, and useful for the country and for their own work.
- The line ministries interviewed were not effectively informed about the program. With the exception of the ministries that were directly involved in the program (MEF, and MCEP), just two other line ministries reported having any knowledge of a World Bank program aiming to promote these objectives.
- Most of the line ministries did not have direct contact with the Bank team in charge of this program, but did have a very positive view of the Bank.
- The line ministries considered that the supervision was not properly conducted, and almost all of them consider that the MEF and not the World Bank had to play that role. However, all 19 ministries reported some activities in recent years aiming to contribute to the objectives defined by the program.
- Key constraints to the execution of the program objectives include limited staff, instability of key staffs, changing policy environment, inadequate technical qualifications (particularly for the UEPs), and lack of equipment including computers, software, and even office spaces.
- The support of the high ranking officials within the ministry is key. The line ministries that achieved important results reported a strong ownership of the measures by the Hierarchy of the Ministry.

## 4. Assessment of Risk to Development Outcome

**Rating: High risk**

**66. The risk that development outcomes will not be maintained is high, as the sustainability of some of the reforms achieved under the program is uncertain.** The technical difficulties involved in the use of meters by EDH continue, stemming from both weak capacity and deliberate obstruction. Under a separate operation, the Bank will continue to work with EDH to install meters and to ensure that they are working, which should contribute to more accurate billing. However, it should be recognized that success in this area has so far been limited.

**67. Similarly, the establishment of units to monitor public investment has had uneven results.** Effective investment tracking is likely to continue in Ministries where this reform has been aggressively implemented. However, there is little indication that the reform has had much impact in most Ministries. Without stronger ownership and enforcement efforts at the central ministries (i.e., MEF and Ministry of Planning/DIP) – and without adequate training and resources – the transparency of budget expenditures and within-government information flows are unlikely to improve significantly, hampering potential improvements in future budget planning. And with respect to procurement reporting and approvals, the fact that CNMP is not empowered to enforce compliance with procurement rules will inhibit progress in this area. By contrast, the limitation on ministries' bank accounts to three at the Central Bank will continue to be monitored under the IMF program, and has strong support within the government. Thus, absent major political changes there is every reason to believe that this reform will be sustained.

## 5. Assessment of Bank and Borrower Performance (relating to design, implementation and outcome issues)

### 5.1 Bank Performance

**Rating: Moderately unsatisfactory**

**68. Communications by Bank staff to the Government could have been more proactive.** For example, while Bank staff providing technical assistance objected to the decision by the unit managing the public investment program not to use the SYSGEP system (a performance target under the program), it does not appear that the issue was highlighted by the Bank to higher-level Government officials. More generally, staff supervising the project worked primarily through the Ministry of Finance, but the Ministry was not always effective in communicating program targets or enforcing implementation by line ministries. Bank staff had to avoid interfering with the Ministry's responsibilities, but could have explored indirect ways to engage with line ministries, such as through existing sectoral programs or through the technical assistance project intended to support the PFM reforms.

**69. Bank management of the operation was impaired by staff turnover, as three staff members managed the operation from preparation to closure.** The staff member who conducted the appraisal left the Department shortly after disbursement, and reports no further project-specific communication with the staff member who took over as task manager. The CMU and the RVP repeatedly impressed upon the government the need to make greater progress on the policy actions to strengthen transparency, economic management, and good governance in Haiti. Many sources (from government and the Bank team) confirmed to the ICR team several efforts by management to intervene with high ranking officials to push for progress on the program, including during the CMU's high-level meetings with the authorities, and during the Annual, and Spring meetings. However, given the difficult political conditions and lack of government capacity, perhaps Bank management and the CMU should have intervened more forcefully in support of team supervision of the project.

**70. Bank technical assistance was available to support the adjustment operation**. Relevant technical assistance operations included support for the Directorate of Public Investment and the establishment of investment programming units, as well as a $90 million investment program with EDH. However, coordination between staff managing the operation and staff providing technical assistance could have been improved. Moreover, changes in staff managing the technical assistance program for the Directorate of Public Investment resulted in some contradictory messages to the Government**.** In earlier Bank reports, the team in charge of coordinating TA to the Directorate of Public Investment seemed to support the government's decision to change the public investment planning software from SYSGEP to SID. However, in the March 2015 Bank mission, the new sector team in charge of the TA on public investment programming stated that SID was not appropriate for the objective pursued by the program and that the Bank had suspended the promised support to the DIP to develop the new software.

(a) Bank Performance in Ensuring Quality at Entry (i.e., performance through lending phase):

**Rating: Moderately Unsatisfactory**

**71. The program addressed key development objectives.** Building on progress made under previous Bank operations in Haiti, the program involved measures that had long been under discussion with the Government, and was supported by technical assistance. Thus, in many respects the quality at entry was strong.

**72. However, as discussed above, the program was very ambitious, given the difficult environment (see Section 3.1), while the stand-alone approach provided few incentives for the government to comply after disbursement**. The government lacked the strong capacity for monitoring and evaluation that would have been necessary to meet these targets. Furthermore, the project faced major risks owing to administrative weaknesses, political instability and the difficult environment created by recent natural disasters. Since these were recognized at appraisal, perhaps more consideration should have been given to disbursing in two tranches, to strengthen the hand of government officials committed to the program. However, the decision to conduct a **stand-alone operation**, rather than a programmatic, operation reflected Bank policies rather than the preference of the team. The Bank did not want to consider two rounds of budget support, as the environment was deemed too risky to commit additional resources that would have been required for a programmatic approach.

**73. Several performance indicators targeted in this program have limitations in assessing progress towards the objectives of the program.** For example, the program target for the clearance of government arrears to EDH focused only on the central government debt, and ignored the arrears with the regions that are tenfold that of the central government. Furthermore, the program target on the reporting of public investment execution focused only on domestically-financed investments, ignoring donor-financed projects. The most important projects in Haiti are donor funded and their management and monitoring is insured by a special entity, supported by the World Bank and the IADB, located at the Ministry of Finance. Some counterparts in DIP and CNMP reported to the ICR their frustration with regard to what they consider to be a double standard, because donor-funded projects were not being held to the same level of accountability as domestically-financed projects.

(b) Quality of Supervision (including M&E arrangements):

**Rating: Moderately satisfactory**

**74. Supervision was managed out of the Bank's resident mission, although supervision missions involving staff covering different sectors were undertaken in September 2013, March 2014, and May 2014.** Aide memoires were prepared in consultation with the authorities. The mid-review mission initially scheduled for January took place in March.

**75. The Bank team follow-up with the Ministries and other institutions in charge of specific indicators is rated satisfactory.** Government counterparts commented to the ICR mission that the Bank team was very proactive, and that cooperation was good throughout the implementation of the program. They credited the Bank team with aggressive supervision that helped achieve progress in a very difficult political context characterized by political deadlock leading to delays in budget adoption, and instability in leadership at the MEF (the minister changed three times during implementation of the program).

**76. While it is unclear whether a different approach to supervision would have had an appreciable impact on the achievement of program targets, Bank staff could have explored ways of indirectly engaging with entities in charge of execution of the measures**. That is, most of the communications to the Government concerning the operation were made directly to the Ministry of Finance, and other implementing institutions (DIP, CNMP, and EDH), with little contact between staff supervising the operation and the line ministries responsible for meeting many of the program targets. Given administrative weaknesses at the Ministry of Finance, it may have been desirable to undertake more extensive contacts with other Government agencies.

(c) Justification of Rating for Overall Bank Performance:

**77. The rating of moderately unsatisfactory reflects the quality of supervision, considered as proactive and aggressive by the client, and the program design, which relied on the Bank's longstanding involvement in public sector management in Haiti and knowledge of the major impediments to improving transparency and efficiency**. This has to be balanced against some limitations in the communication with the government, defects in coordination between Bank technical assistance and program objectives, andfailures (at program design ) to create appropriate incentives for the government to comply.

### 5.2 Borrower Performance

(a) Government Performance:

**Rating: Unsatisfactory**

**78. Government performance also was mixed.** Substantial progress was made in key areas that gained the attention of high government officials, for example improving control over cash management at line ministries and the clearance of arrears to the power company.

**79. However, less success was achieved in areas that required concerted efforts at various levels of government, for example strengthening procurement, investment programming and the accuracy of power sector billing.** In part this reflected the lack of adequately-trained staff and resistance by staff that benefited from the lack of transparency. And it must be recognized that the extremely difficult political environment, coupled with the impact of recent natural disasters on government capacity, greatly increased the challenges the government faced. Nevertheless, the program's limited achievements also were due to the limited communication, coordination and follow up by responsible officials of the program targets. This reflected a lack of ownership of, and commitment to, some of the reform objectives, as witnessed by the change from SYSGEP to SID by a key implementing institution.

**80. The DIP's decision to Schiff from SYSGEP to SID after the appraisal was an important reason why the target on investment reporting was not met.** The DIP action showed a clear lack of ownership and commitment to this program objective, which also might have affected their motivation to mobilize other ministries to improve reporting on the execution of the investment program. Furthermore, the absence of a minister at the Planning Ministry during program implementation reduced the ability of Ministry staffs (DIP) to achieve compliance with program objectives from other ministries.

**81. Staffing instability in the CNMP hampered the quality of supervision, which has likely contributed to the failure of other indicators they were charged with monitoring.** The CNMP made important progress in mobilizing line ministries to submit annual procurement plans. Despite delays in approval of the Government budget, 11 out of 19 ministers submitted procurement plans. Two additional line ministries submitted their procurement plans with delays. Moreover, the ICR survey revealed that .4 out of the 6 line ministries that did not submit a plan have no procurement activities. However, many line ministries interviewed suggest that the CNMP never informed them on the existence of a program with the World Bank. Moreover, requests that subsequently were shown to be related to objectives addressed under the Bank program were provided in the form of routine communications, without attaching any particular priority to their achievement.

(b) Implementing Agency or Agencies Performance:

**NA**

(c) Justification of Rating for Overall Borrower Performance:

As discussed above.

**6. Lessons Learned (both operation-specific and of wide general application)**

**82. A programmatic approach may have been more appropriate in the context of Haiti to ensure greater commitment and stronger implementation, stand-alone operations fail to provide sufficient incentive to meet program objectives.** This operation was designed to support government-wide administrative improvements in the context of weak administration, political instability, and resistance to reform at some administrative levels. Although the program and accompanying TA were intended to overcome this and create adequate incentives for implementing reform, they proved inadequate. In this context, reliance on a **stand-alone operation**, with no disbursement based on the fulfillment of program objectives other than prior actions, limited the ability of committed officials to press for the achievement of program objectives.

**83. Program design for post-disaster development policy loans should pay great attention to capacity limitations.** It would be desirable to perform a stock-taking of available capacity to implement an adjustment program and the nature of the major constraints, to avoid poor implementation. At the same time, concern over the continuing impact of the disaster on the government and implementing agencies should limit the ambition of the program. It is preferable to redesign the operation at appraisal, if necessary, rather than present a high-risk, complex operation to the Board.

**84. Another issue concerns the degree of involvement of the Bank in government operations.** Supervision of the operation largely involved direct communications with the Ministry of Finance. Unfortunately, the administration's communication of program requirements to the line ministries was seriously flawed. A more concerted effort by the Bank to encourage the dissemination of information within the Government could have avoided some failures to meet objectives, although this might have represented an excessive intrusion into Government's internal affairs. Balancing these two concerns in the Haitian context will remain a major challenge.

**85. The need for strong and better coordinated technical assistance is essential.** The importance of cooperation between the units managing technical assistance operations and those managing an adjustment operation is critical for the success of future program. Perhaps some stronger linkages between these functions may be considered in countries where the risks facing adjustment operations are particularly high.

**86.** Evaluation and monitoring of the program should be a shared responsibility. The design of the evaluation and monitoring mechanism should be discussed and agreed with the government before the appraisal. Supervising the implementation should be a shared responsibility between the Bank and the government; and important changes in the government monitoring team (and vice versa) should be discussed with the Bank.

**87.** Understanding the drivers of political economy is critical to the success of any program of reform. Persistent corruption and the power of entrenched interests represent a very difficult environment for meaningful reforms, despite the presence of reform champions. Setting up incentive mechanisms, including by helping civil society to be involved could increase the likelihood of the success and open the way for future programmatic budget support operations.

**88. Coordination with other donors is key.** Even if the measures targeted by this program were part of the joint donor matrix, they were not systematically coordinated with all donors. For example, the decision of the Directorate of Public Investment to change the public investment planning software from SYSGEP to SID relied on the recommendations from an assessment conducted by the French Development Agency. One recommendation going forward is for donors to better coordinate the choice of measures in their budget support programs (rather than the current practice of having each donor choose unilaterally one measure to support), in order to increase the incentive for the government to cooperate. For example, the progress made on the objective of reducing the number of bank accounts of each line ministry at the central bank was largely due to the fact that the IMF program included measures that were very complementary to those pursued under this DPO.

## 7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/Implementing Agencies:

(b) Cofinanciers:

(c) Other partners and stakeholders (e.g. NGOs/private sector/civil society):

**ANNEXES**

## Annex 1. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

| Names | Title | Unit | Responsibility/ Specialty |
|---|---|---|---|
| **Lending** | | | |
| | | | |
| Prosper Nindorera | Senior Procurement Specialist | LCSPT | Sector Specialist |
| Elizabeth N. Ruppert Bulmer | Senior Economist | PRMTR | Team Leader |
| Luc Razafimandimby | Senior Economist Senior Economist | LCSPE | Co-Team Leader |
| Thomas Columkill Garrity | Senior Knowledge and Learning Officer | SDV | Sector Specialist |
| Fabienne Mroczka | Financial Management Specialist | LCSFM | Sector Specialist |
| Joseph Denis | Economist | | Team Member |
| Mamadou Lamarane Deme | Sr Financial Management Specialist | LCSFM | Sector Specialist |
| Evans Jadotte | Country Economist | LCSPE | Team Member |
| | | | |
| **Supervision** | | | |
| Evans Jadotte | Economist | MFM GP | Team leader |

### (b) Staff Time and Cost

| Stage | Staff Time and Cost (Bank Budget Only) | |
|---|---|---|
| | No. of staff weeks | USD Thousands (including travel and consultant costs) |
| **Lending** | | |
| **Total:** | | NA |
| **Supervision/ICR** | | 15,000 |
| **Total:** | | NA |

## Annex 2. Beneficiary Survey Results

### Table A2-1. Beneficiaries adhesion to the objectives of the program

| | Measure 1 | | Measure 2 | | Measure 3 | | Measure 4 | |
|---|---|---|---|---|---|---|---|---|
| | Do you Adhere to the objective of this measure? | Is that objective a priority for your mission? | Do you Adhere to the objective of this measure? | Is that objective a priority for your mission? | Do you Adhere to the objective of this measure? | Is that objective a priority for your mission? | Do you Adhere to the objective of this measure? | Is that objective a priority for your mission? |
| Ministry of Tourism | NO | NO | YES | YES | YES | YES | YES | NO |
| Ministry of Status of Women Rights | YES | YES | YES | NO | YES | YES | YES | YES |
| Ministry of Social Affairs | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Culture | YES | YES | YES | NO | YES | YES | YES | YES |
| Ministry Just. & Public Security | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Defense | YES | YES | YES | YES | N/A | N/A | N/A | N/A |
| Ministry Interior and Local Collectivities | YES | YES | YES | YES | YES | NO | YES | YES |
| Ministry of Environment | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Agriculture and Natural Resources | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Communication | YES | YES | YES | YES | YES | NO | YES | YES |
| Ministry of Youth, Sports and Civic Action | YES | NO | YES | YES | N/A | N/A | YES | YES |
| Ministry of Religious and Foreign Affairs | YES | NO | YES | YES | YES | YES | YES | N/A |
| Ministry of Haitian living abroad | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ministry of Education and Professional Training | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Commerce and Industry | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Economy and Finance | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Planning and External Cooperation | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Public Health and Population | YES | YES | YES | YES | YES | YES | YES | YES |
| Ministry of Public Works | YES | YES | YES | YES | YES | YES | YES | YES |
| Total YES | 17 | 15 | 18 | 16 | 17 | 14 | 17 | 15 |

**Table A2- 2. Beneficiaries perception of the quality of supervision**

| | PFM Measure | | | Public Procurement Measures | | |
|---|---|---|---|---|---|---|
| | Have you ever been informed about this objective? | Did you received the information from the institution in charge of the indicator? | Did you know this was part of a World bank program? | Have you ever been informed about this objective? | Did you received the information from the institution in charge of the indicator? | Did you know this was part of a World bank program? |
| Ministry of Tourism | YES | YES | NO | YES | YES | YES |
| Ministry of Status of Women Rights | YES | YES | NO | YES | YES | NO |
| Ministry of Social Affairs | YES | YES | NO | YES | YES | NO |
| Ministry of Culture | YES | YES | NO | YES | YES | YES |
| Ministry Just. & Public Security | YES | YES | YES | YES | YES | YES |
| Ministry of Defense | YES | YES | YES | N/A | N/A | N/A |
| Ministry Interior and Local Collectivities | YES | YES | NO | YES | YES | YES |
| Ministry of Environment | NO | N/A | N/A | YES | YES | YES |
| Ministry of Agriculture and Natural Resources | YES | YES | YES | YES | YES | NO |
| Ministry of Communication | NO | NO | N/A | YES | YES | YES |
| Ministry of Youth, Sports and Civic Action | YES | NO | YES | YES | YES | YES |
| Ministry of Religious and Foreign Affairs | NO | N/A | N/A | NO | N/A | N/A |
| Ministry of Haitian living abroad | N/A | N/A | N/A | N/A | N/A | N/A |
| Ministry of Education and Professional Training | YES | YES | YES | YES | YES | YES |
| Ministry of Commerce and Industry | YES | YES | NO | NO | NO | NO |
| Ministry of Economy and Finance | YES | YES | YES | YES | YES | YES |
| Ministry of Planning and External Cooperation | YES | YES | YES | YES | YES | YES |
| Ministry of Public Health and Population | YES | YES | NO | YES | YES | NO |
| Ministry of Public Works | YES | YES | YES | YES | YES | YES |
| | | | | | | |
| Total YES | 15 | 14 | 8 | 15 | | 11 |

**Table A2-3. Beneficiaries' perception of key constraints to achieve program objectives- reporting of the execution of public investments**

| LIST OF MINISTRIES | What is the service in charge of this measure? | Provide a score, form 1 to 5, to qualify your satisfaction regarding the number of staff | Provide a score, form 1 to 5, to qualify your satisfaction regarding the qualities and experience of staffs | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of equipment (computer, software) | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of collaboration within the ministry to support this measure | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of support from your hierarchy to execute this measure | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of collaboration from other public administrations involved on this measure |
|---|---|---|---|---|---|---|---|
| Ministry of Tourism (MT) | UEP | 4 | N/A | N/A | N/A | N/A | N/A |
| Ministry of the Status of Women Rights | UEP | 2 | 4 | 2 | 3 | 3 | 2 |
| Ministry of Work and Social Affairs | UEP | 2 | 4 | 1 | 3 | 5 | 5 |
| Ministry of Culture | UEP | 3 | 3 | 2 | 4 | 4 | 4 |
| Ministry of Justice and Public Security | UEP | 3 | 3 | 2 | 2 | 4 | 4 |
| Ministry of Defense | - | N/A | N/A | N/A | N/A | N/A | N/A |
| Ministry of the Interior and Local Collectivities | UEP | 4 | 4 | 3 | 3 | 3 | 5 |
| Ministry of the Environment (ME) | UEP | 3 | 4 | 3 | 4 | 4 | 3 |
| Ministry of the Agriculture and Natural Resources | G.Man | 2 | 4 | 1 | 2 | 2 | 3 |
| Ministry of the Communication | UEP | 2 | 4 | 1 | 4 | 4 | 4 |
| Ministry of Youth , Sports and Civic Action | UEP | 3 | 4 | 2 | 3 | | 3 |
| Ministry of Foreign & Religious Affairs | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ministry of Haitian Living abroad | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ministry of National Education and Professional | UEP | 4 | 4 | 4 | 4 | 4 | 3 |
| Ministry of Commerce and Industry (MCI) | UEP | 3 | 3 | 3 | 4 | 4 | 1 |
| Ministry of Economy and Finance (MEF) | UEP | 4 | 4 | 4 | 4 | 4 | 4 |
| Ministry of Planning and External Cooperation | DIP | 3 | 3 | 4 | 3 | 1 | 2 |
| Ministry of Public Health and Population | UEP | 5 | 5 | 5 | 5 | 5 | 2 |
| Ministry of Public Works | UEP | 2 | 2 | 2 | 2 | 2 | 2 |

**Table A2- 4. Beneficiaries perception of key constraints to achieve program objectives- reporting of procurement plans**

| LIST OF MINISTRIES | What is the service in charge of this measure? | What is the number of staffs | Provide a score, form 1 to 5, to qualify your satisfaction regarding the number of staffs | Provide a score, form 1 to 5, to qualify your satisfaction regarding the qualities and experience of staffs | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of equipment (computer, software) | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of collaboration within the ministry to support this measure | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of support from your hierarchy to execute this measure | Provide a score, form 1 to 5, to qualify your satisfaction regarding the level of collaboration from of the republic administrations involved on this measure |
|---|---|---|---|---|---|---|---|---|
| Ministry of Tourism (MT) | UEP | 3 | 5 | 4 | 5 | 4 | 5 | 5 |
| Ministry of the Status of Women Rights | UEP | 3 | 2 | 4 | 2 | 3 | 3 | 2 |
| Ministry of Work and Social Affairs | Manag. Office | 5 | 5 | 5 | 1 | 5 | 5 | 5 |
| Ministry of Culture | Tech. Office | 5 | 3 | 4 | 3 | 4 | 5 | 4 |
| Ministry of Justice and Public Security | UEP and Minist. Committee | 4 | 4 | 3 | 1 | 2 | 4 | 3 |
| Ministry of Defense | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ministry of the Interior and Local Collectivities | Minist. Committee | 2 | 1 | 5 | 3 | 1 | 2 | 5 |
| Ministry of the Environment (ME) | UEP | 10 | 3 | 4 | 3 | 4 | 4 | 3 |
| Ministry of the Agriculture and Natural Resources | Gen. Manag. | - | 4 | 1 | 1 | 2 | 2 | 2 |
| Ministry of the Communication | UEP | 3 | 2 | 4 | 1 | 3 | 3 | 4 |
| Ministry of Youth , Sports and Civic Action | Mins. Committee | 5 | 3 | 5 | 1 | 2 | - | 1 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ministry of Foreign & Religious Affairs<br>Ministry of Haitian Living abroad | Does not exist<br>N/A | N/A<br>N/A | N/A<br>N/A | N/A<br>N/A | N/A<br>N/A | N/A<br>N/A | N/A<br>N/A | N/A<br>N/A |
| Ministry of National Education and Professional | Ministerial comission | 4 | 3 | 3 | 3 | 4 | 3 | 3 |
| Ministry of Commerce and Industry (MCI) | Ministerial comission | | 3 | 3 | 2 | 4 | 4 | 1 |
| Ministry of Economy and Finance (MEF) | Ministerial comission | | 4 | 4 | 5 | 4 | 4 | 4 |
| Ministry of Planning and External Cooperation | Ministerial comission | | 3 | 3 | 3 | 2 | 2 | 2 |
| Ministry of Public Health and Population | Ministerial comission | | 5 | 5 | 5 | 5 | 5 | 2 |
| Ministry of Public Works | | | 2 | 3 | 1 | 2 | 2 | 2 |

**Table A2- 5. World Bank Evaluation by line Ministries**

| Line Ministries | How did you like the World Bank intervention? | What is your evaluation of the quality of the Bank Supervision on this program? |
|---|---|---|
| Ministry of Tourism | Satisfactory | Satisfactory |
| Ministry of Status of Women Rights | Satisfactory | Satisfactory |
| Ministry of Social Affairs | Excellent | Normal |
| Ministry of Culture | Good | Normal |
| Ministry Just. & Public Security | Satisfactory | There was no follow-up |
| Ministry of Defense | Satisfactory | Satisfactory |
| Ministry Interior and Local Collectivities | During the assessment the Bank offers good solutions but they do not help their concretization. The actions are expected to be accomplished | No follow-up |
| Ministry of Environment | Very interesting | The Ministry does not hold the necessary information to enable it to respond to this question |
| Ministry of Agriculture and Natural Resources | N/A | N/A |
| Ministry of Communication | We lack sufficient information to better provide the answer | The follow-up made by the bank seems regular |
| Ministry of Youth, Sports and Civic Action | Satisfactory | The follow up reflects some interest but the Bank should be closer to the Ministries for gradual support much more autonomous and efficient |
| Ministry of Religious and Foreign Affairs | Not enough awareness | N/A |
| Ministry of Religious Affairs | N/A | N/A |
| Ministry of Haitian living abroad | N/A | N/A |
| Ministry of Education and Professional Training | satisfactory | No follow up |
| Ministry of Commerce and Industry | satisfactory | No contact with the Bank in the framework of this program |
| Ministry of Economy and Finance | Satisfactory | Satisfactory |
| Ministry of Planning and External Cooperation | Confusing, as the Bank failed to help us to develop the software SID as initially promised | Satisfactory |
| Ministry of Public Health and Population | Did not have that much contact with the Bank regarding this program | Did not have that much contact with the Bank regarding this program |
| Ministry of Public works | Satisfactory | Satisfactory |

## Annex 3. Stakeholder Workshop Report and Results

N.A

## Annex 4. Summary of Borrower's ICR and/or Comments on Draft ICR

### Assessment of the Budget Support Program by the Government of Haiti

The main objective of the program was to allow the Republic of Haiti to carry out the public finance reforms with a view to supporting the country's reconstruction programs by:
(i) Strengthening public expenditure management and improving cash flow management systems;
(ii) Strengthening the institutional framework and the capacity for the effective implementation of the new public procurement law; and
(iii) Improving the governance and financial performance of the electricity sector.

**A. Progress made with achievement of the measures agreed upon in the context of the H08-0-HT grant**

1. **With regard to strengthening the public investment monitoring system in order to enhance transparency and accountability** by June 2014, the Public Investment Directorate was supposed to publish quarterly budget execution reports using the SYSGEP system. These reports were supposed to provide precise information on the public investments financed with domestic resources beyond the commitment phase and to cover every line ministry and project. **(Target not achieved)**

Despite the failure to achieve this measure in the context of the program, the Government is seeking at the same time to take several bold actions to sustainably improve the public investment management system, with the ultimate goal of guaranteeing quality public services and satisfying the many needs of citizens through the more effective and efficient use of scant public resources. By gradually reestablishing a more appropriate and better applied organizational and regulatory framework, more modern methods and procedures, as well as tools and human resources that are more suited to managing the public investment programs and projects, the proposed action plan is also seeking to restore the Haitian public administration's main function of leading the national development process which, in recent decades, had been relegated to external public and private actors. To this end, a list of relevant activities has been identified with a view to enhancing the performance of the public investment management system.

The modernization of the public investment management system will entail strengthening the main activities of the Ministry of Planning and External Cooperation (MPCE), the Ministry of Economy and Finance (MEF), and the line ministries, either with national or international technical assistance, training, tools, and equipment. It will also call for reforms that are as simple as the actual enforcement of laws and regulations already in effect, which are intended to facilitate programming as well as the execution, monitoring, and oversight of projects.

In order to strengthen **strategic and operational planning**, an effort will be made to step up work in the MPCE related to the preparation of 2015-2016 Public Investment Plan (PIP) and the 2017-2019 three-year Investment Plan (PTI). To prepare the 2015-2016 PIP, a number of immediate measures are recommended in the plan that do not require any technical assistance or special training but will signal to both internal and external stakeholders that long-term changes are being made to the system, while restoring the minimum procedures required for the orderly establishment and execution of the PIP. These measures relate, in particular, to the requirement that all projects listed in the PIP have adequate documentation (project document and project identification and operation form (FIOP), etc.), as provided for by the regulations in effect, as well as observance of the preparation schedule by the units concerned both in the MPCE and the line ministries.

The **2017-2019 PTI** is intended to support the MPCE through technical assistance and training to modernize and develop methods, procedures, and tools, with a view to better preparation of the programs and projects.

At the same time, large-scale activities will be started **by the Programming and Analysis Units (UEPs) in six main line ministries** in order to promote **better sectoral planning** and more effective participation by these ministries in the programming and execution of the 2015-2016 PIP and 2017-2019 PTI, in line with enhancement activities that will be undertaken by the MPCE, and to ensure that **project evaluation** capacities and methods become firmly established in all MPCE central entities and UEPs.

With regard to **MEF project execution and monitoring**, capacity-building activities will focus on the speedy establishment of a **project accounting system** so as to ensure thorough monitoring of the financial execution of projects and to minimize the major fiduciary risks currently faced, and on the **streamlining and simplification of expenditure and public procurement procedures (related to the National Procurement Agency (CNMP)**, in order to facilitate the financial execution of projects. At the same time, the plan provides for the restoration of the MPCE's capacity for the **effective physical and financial monitoring of projects** by **strengthening the DSE** and **gradually implementing the Development Information System (SID)**.

2. **Strengthening cash flow management systems in order to enhance accountability and efficiency by June 2014.** The number of bank accounts for each line ministry has been reduced to three, with all these accounts being held with the Central Bank of Haiti (*Banque de la République d'Haiti*)—an operational current account, an investment account, and a revenue account. This outcome represents a key step in paving the way for establishment of the Treasury Single Account (CUT) **(Target achieved).**

Establishment of the Treasury Single Account is a public finance reform measure undertaken by the Haitian State in the early 2000s. An assessment of the system in late 2011 revealed a total of 872 current accounts, 607 of which were gourde-denominated and 265, dollar-denominated, held solely by the ministries and autonomous entities, with the exception of the accounts with donor funds and those held by public enterprises. A number of coordinated actions were undertaken to facilitate implementation of the Treasury Single Account in the Treasury Directorate, with the aim of streamlining the management of public funds and unifying the banking structure. Broken down into three phases, the first entails:

- Grouping accounts in threes by entity—an operating account, an investment account, and a revenue account for their own funds.
- Closing all the accounts not retained by the Treasury Single Account, with the exception of the special accounts and accounts opened at the request of donors.
- Periodic reconciliation of the revenue accounts with the Treasury Central Account (CCT).
- Placement of all CUT accounts under the supervision of government accountants.

- Awareness-raising among sectors of the need to keep accounting records for the different funds.

The actions taken have facilitated:

- A significant reduction in the number of bank accounts (central government and autonomous entities)—from 872 in 2011 to 408 in 2015.
- Closing of 305 accounts between January 2014 and February 2015
- Transition to a maximum of three accounts for central government entities
- Audit by Treasury Accountants of the accounts of government entities
- Opening, in May 2013, of the Treasury Central Account and the revenue accounts of collection entities
- Awareness-raising among the sectors regarding the different measures and the need to keep separate accounting records for the management of funds
- Signing, in July 2013, of the draft agreement between the Central Bank of Haiti and the Treasury on the management of the Treasury Single Account and government cash flow, as well as the operating procedures for the Treasury Single Account

The Second Phase of the Treasury Single Account

Actions:

- Transition from current accounts to expenditure and revenue subaccounts
- Data sheet submitted to the Central Bank of Haiti, finalization pending
- Monthly tracking of the level of account activity
- Categorization of dollar-denominated accounts (central government, special accounts, public enterprises, and donors or non-monetary financial institutions) with a view to changing them to subaccounts
- Online access by the MEF in order to view the balances of all government accounts held with the Central Bank of Haiti
- GL accounting of investment expenditures
- Assessment of SYSDEP and SYSCOMPTE
- Operationalization of the SYSCOMPTE system under way in order to meet the needs of the management structure of public investment accounts with a view to its extension to all accounting items
- Institution of payment via banking channels (May 2015)

This strategic framework can be analyzed from three angles, namely (i) the strengthening of the basic functions related to public finance management, which seeks to bolster the essential functions and ensure proper functioning of the public finance system, (ii) the legal and technical environment needed to modernize public finance management so that it can provide the legal, regulatory, physical, and technical framework capable of supporting future improvements, and lastly (iii) the modernization of public finance management practices, which will facilitate the introduction of performance-based budgeting, stepped-up internal and external auditing, and lastly, the deconcentration and decentralization of public finance management, once the foundation for sound and proper management of the resources has been laid and established.

The process, which is being supervised by the senior authorities serving on a strategic steering committee (CPS) chaired by the Minister of Economy and Finance and composed of all the relevant institutions, will be piloted and monitored by the duly strengthened Reform Commission, as the three-year action plan has been split into an annual operational plan that will break down actions and activities into basic tasks to be performed with a view to achieving the desired results. The plan itself is thus a three-year rolling plan, which means that it will be updated and extended each year. Periodic reports will be produced and published, and an annual evaluation will be [*text missing*].

3. **The objective with respect to procurement was to establish a transparent institutional framework for public procurement and strengthen capacity to manage supplies and procurement.** The expected outcomes for 2014 are as follows: (1) At least 66 percent of government contracts above the prior review threshold set by the CNMP and signed since April 1, 2013, with the exception of Emergency Laws, have been subject to open or limited competitive bidding, using standard bidding documents **(target not achieved**); (2) Procurement plans for FY 2013-2014 have been submitted by all procuring ministries by October 31, 2013; the ministerial procurement units are submitting quarterly reports to the CNMP on all procurement activities in their respective ministries **(target not achieved)**; (3) The sum of US$11 million initially earmarked for the five terminated contracts has been released for allocation to other investments **(target achieved).**

With a view to preparing a transparent institutional framework for public procurement and building procurement management capacity, the CNMP should ensure that at least two-thirds of government contracts above the prior review threshold are subject to competition. The desired outcome was not fully achieved; however, if consideration is given to the number of contracts subject to competition that have been unsuccessful and for which sole source bidding was requested, the percentage of direct bid contracts is significantly lower.

In terms of the preparation of the procurement plan by the ministries, the result is quite remarkable, because the CNMP succeeded in getting thirteen of them to submit procurement plans to it in the first year. Those that failed to submit this document have been placed on a list of ministries that have few contracts with amounts requiring prior review by the CNMP. The requirement that the public procurement ministerial units submit quarterly reports was only partially met. CNMP efforts to collect this document have met with mixed results.

**Table A4- 1. Assessment of the Results of the Reforms to be Implemented forPublic Procurement for Budget Support**

| Objectives | Expected Outcomes June 2014 | Results as of September 30, 2014 | Comments |
|---|---|---|---|
| Create a transparent institutional framework for procurement and build procurement management capacity | At least two-thirds of government contracts above the prior review threshold and signed after March 31, 2013, outside of the enforcement period for emergency laws, awarded following limited or open competitive bidding, using standard bidding documents | For the period covering April 1, 2013 to September 30, 2014, more than half of the contracts (52 percent) were subject to direct bidding. The remaining 48 percent were signed following implementation of competitive bidding procedures (open competitive bidding, limited competitive bidding, and calls for expressions of interest). | The use of the sole source bidding process was not the first choice of the contracting authority for 13 of the 57 contracts concluded using the direct bidding process. Indeed, bids were tendered for 13 of them, which included 1 in 13 lots with 6 lots not awarded, which were declared unsuccessful. Forty-four contracts were awarded using the sole-source method from the outset and were not subject to prior competitive bidding, i.e., just over 40 percent of all contracts concluded during the period under review (April 1, 2013-September 30, 2014). |
| | | | |
| | All procuring ministries have submitted procurement plans for FY 2014 to the CNMP by October 21, 2013 | Of the 19 ministries listed, 13 have submitted their projected procurement plan for FY 2013-2014 to the CNMP | Most of the 7 ministries that have yet to submit their annual projected procurement plan to the CNMP do not have a sizable budget for procurement above the thresholds. Their contracts fall below the thresholds where they are processed pursuant to the donor financing procedures. Examples include the Ministry for Haitians Living Abroad and the Ministry of Defense. |
| | The ministerial procurement units are submitting quarterly reports to the CNMP on all procurement activities conducted by their respective ministries | Three ministerial procurement units (CMMP) have submitted quarterly reports to the CNMP on procurement activities in their respective ministries | Efforts made by the CNMP to encourage the relevant institutions to prepare quarterly procurement reports have borne little fruit. The dispatch of a letter to all these institutions during the period in question, reminding them of their obligations, has had little effect. |

4. **The objective in the electricity sector was to improve** its governance and financial performance, with a view to reducing public transfers from the MEF to the EDH in the years ahead. **The expected outcomes by June 2014 are as follows:** (1) Payments of bills from independent supplier-producers are based on production levels measured by remote meters and verified by the EDH (partially achieved, three meters were installed. Three others were installed but were malfunctioning owing to the intense heat; they are currently being repaired in Miami and will be functional within the next four months). (2) Billing of priority customers is based on meter readings (partially achieved). The EDH is expected to install 500 meters for major customers. Only 230 meters have been installed to date. The EDH is putting a project worth nine million gourdes in place to install the other meters for major customers over the next three months. (3) No new arrears to the EDH for electricity use have been accumulated by the central government **(target achieved).**

## B. Lessons learned from implementation of this program

- The implementation of this program has helped the country further accelerate the pace of reforms aimed at improving public finances.

- The lack of communication on the reform program limited its ownership by the line ministries. Going forward, it would therefore be important to create a component to cover visibility and dialogue with the Government, donors, and civil society in order to raise awareness about the objectives of this type of program. It is equally important to underscore the importance of political dialogue in the implementation process, and make provisions to build the capacity of current staff to manage this dialogue and dialogue mechanisms (including sectoral) where necessary.

- Active coordination between partners is critical for optimal and appropriate management of external resources.

- The establishment of a highly strategic committee composed of the Minister of Planning and External Cooperation, the CNMP coordinator, the Chief Executive Officer of Electricité d'Haïti (EDH), and the prime minister, with a view to provision of the necessary instructions, could have contributed to achievement of the agreed reforms.

The implementation of a multi-tranche budget support credit could generate efficiency and effectiveness gains in the context of a budget support program for Haiti. Its implementation in a joint framework could benefit from expertise of other donors on topics to be addressed and better information on their activities and results, and greater ownership on the part of the Government.

## Annex 5. Comments of Cofinanciers and Other Partners/Stakeholders

## Annex 6. List of Supporting Documents

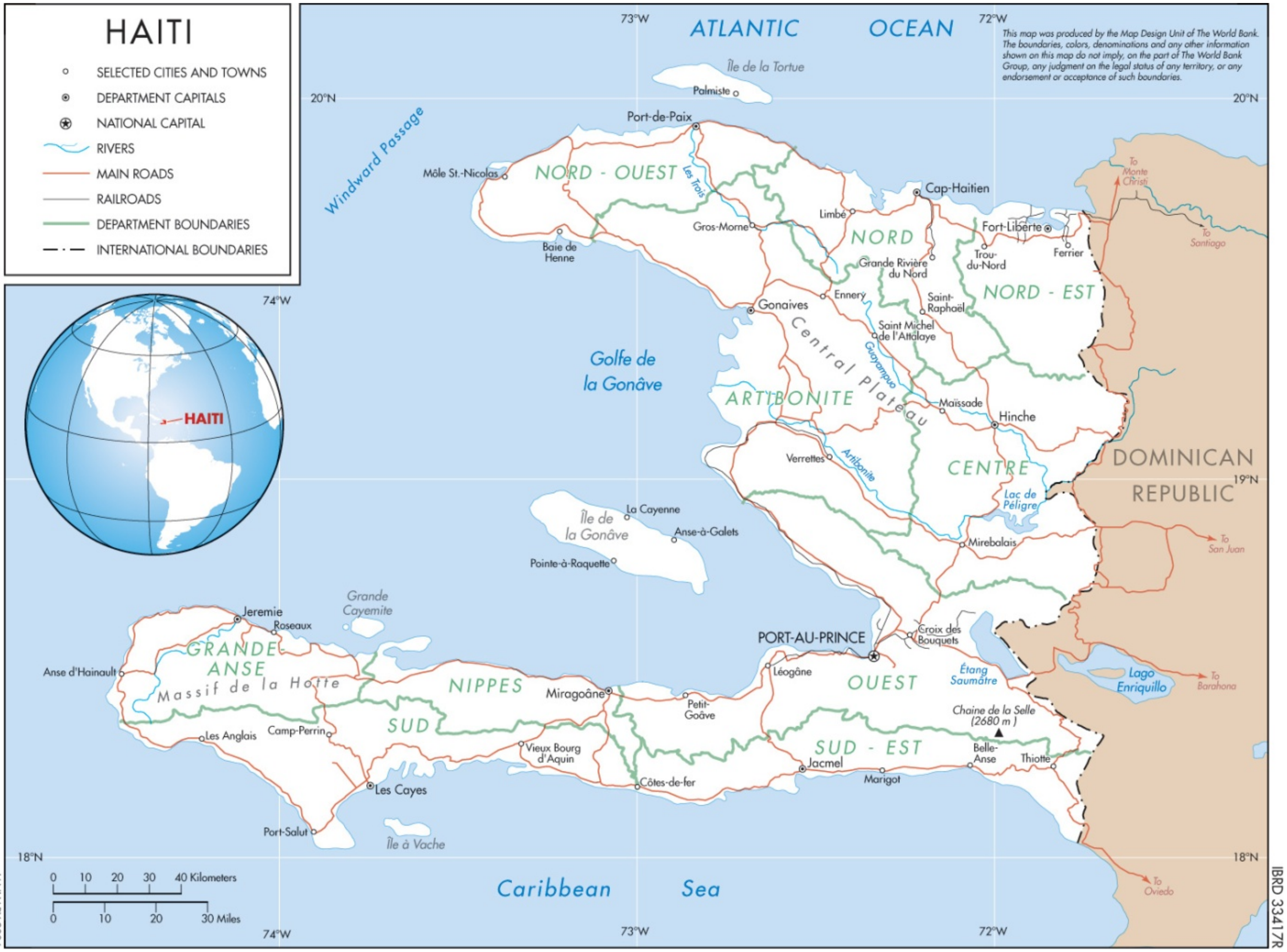
World Bank "Implementation Completion and Results Report – Guidelines" August 2004, updated on 22 July 2014.

World Bank “Haiti - Economic Reconstruction and Growth Development Policy Credit: P127208 - Implementation Status Results Report: Sequence 02; 31-May-2014

World Bank “Haiti - Economic Reconstruction and Growth Development Policy Credit: P127208 – Supervision report-Aide memoire: Sequence 02; 31-May-2014

World Bank Performance review of Haiti’s public investment management system: Final Version: 15-December-2014

## Annex 7. Map of Haiti



## Annex 8. Evolution of Reform Policy Supported By Bank (2005-2013)

| | Foundations | Emergency Support | Stregthening Institutions |
|---|---|---|---|
| | **EGRO Series (FY 2005-2009)** | **Emergency DPO (FY2010-2011)** | **Proposed DPG (FY2013)** |
| **Public Financial Management** | - Quarterly budget execution reports published on the MEF website<br>- Disbursement of non-salary current public expenditures through discretionary *comptes speciaux* reduced to less than 3% | - Reduction of backlog of audits of government accounts<br>- Submission of government accounts by the Treasury to CSCCA within the statutory timeframe<br>- Strengthening of the internal audit unit and implementation of its action plan | - The MPCE has established and staffed a Directorate of Public Investment within the Ministry<br>- The UEPs in line ministries have been staffed, and a UEP action plan has been prepared by the PM's office.<br>- The MEF has adopted the May 2012 strategy to establish the Single Treasury Account, and closed 311 idle and dormant public accounts at the Central Bank and commercial banks |
| **Procurement** | - Creation of the procurement regulatory body and procurement commissions in line ministries<br>- Reduction of percentage of total public contract amount awarded on sole source basis<br>- Issuance of four key implementing decrees | - Restoration of CNMP website containing information on procurement bids and contracts awarded.<br>- Authorization by the PM prior to use of accelerated procurement procedures under the State of Emergency Law | - The Government has issued and published all the necessary implementing regulations of the 2009 Procurement Law<br>- All line ministries have established, staffed and trained ministerial procurement units<br>- The Government has terminated 5 contracts as per the recommendation of the CSCCA Audit Report of public contracts issued under the 2010-11 Emergency Law |
| **Electricity** | - Creation of a mechanism for monthly monitoring public transfers to electricity sector<br>- Implementation of a cost recovery policy | - Publication of monthly data on payments and energy production<br>- Creation of an institutional framework involving MEF, EDH and MTPTEC | - EDH uses IPP meter readings for billing verification<br>- On-site meter testing and reading verification for priority customers<br>- Central Government has settled all its FY12 payments delays to EDH |
| | Institutional building and enhanced transparency mechanisms | Strengthening checks and balances mechanisms | Institutional strengthening and policy implementation |

## Annex 9. Evidence of Progress on the Number of accounts for each line ministry

Ministère de l'Economie et des Finances
Direction du Trésor

### SUIVI DE LA MISE EN PLACE DU COMPTE UNIQUE DU TRESOR (CUT)
### (Rapport au 21 janvier 2015)

**1. Comptes (en Gourdes) de l'Administration Centrale de l'Etat à la BRH:**

| Libellé | Quantité |
|---|---|
| **Comptes avec fonds des Bailleurs identifiés** | 154 comptes |
| **Comptes spéciaux du Trésor (gourdes)** | 4 comptes |
| **Comptes spéciaux** | 2 comptes |
| ***Comptes CUT (Max. 3 par entité)** | 248 comptes |
| **Organismes Autonomes** | 66 comptes |
| **Comptes Centralisateurs (Central, DGI, AGD, Rec Div, SPIH)** | 5 comptes |
| **Total Comptes Administration Centrale** | **479 comptes** |
| **Autres Comptes** | |
| – **Caisse Populaire** | 3 comptes |
| – **Collectivités Locales** | 15 comptes |
| – **Compagnies d'Assurance** | 2 comptes |
| – **Entreprises Publiques** | 38 comptes |
| – **Institutions Financières non Monétaires** | 12 comptes |
| **Total Comptes publics gourdes domiciliés à la BRH** | **549 comptes** |

**1.1. *Les 248 comptes de la première phase du CUT[1] sont ainsi répartis :**

| Comptes de fonctionnement | Comptes d'Investissement | Comptes de Recettes |
|---|---|---|
| 113 | 84 | 51 |

**2. Comptes « en dollars » à la BRH**

| Comptes de l'Administration Centrale | | Quantité |
|---|---|---|
| | Administration Centrale | 61 |
| | Comptes Spéciaux | 3 |
| | Comptes avec fonds de Bailleurs | 142 |
| | Comptes à catégoriser | 62 |
| **Total Comptes de l'Administration Centrale** | | **268 Comptes** |
| | Institutions financières Non monétaires | 4 |
| | Entreprises publiques | 22 |
| | Caisse Populaire | 1 |
| **Total Comptes en dollars** | | **295 comptes** |
| **Total Comptes de l'Etat** | | **844 comptes** |

[1] Toutes les entités de l'Administration Centrale de l'Etat disposent de 3 comptes au plus.